of the

March

1990

NATIONAL GOVERNORS' ASSOCIATION NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

THE NATIONAL GOVERNORS' ASSOCIATION, founded in 1908 as the National Governors' Conference, is the instrument through which the nation's Governors collectively influence the development and implementation of national policy and apply creative leadership to state issues. The association's members are the Governors of the fifty states, the commonwealths of the Northern Mariana Islands and Puerto Rico, and the territories of American Samoa, Guam, and the Virgin Islands. The association has seven standing committees on major issues: Agriculture and Rural Development, Economic Development and Technological Innovation, Energy and Environment, Human Resources, International Trade and Foreign Relations, Justice and Public Safety, and Transportation, Commerce, and Communications.

1989-90 Executive Committee
Governor Terry E. Branstad, Iowa, Chairman
Governor Booth Gardner, Washington, Vice Chairman
Governor Bill Clinton, Arkansas
Governor James J. Blanchard, Michigan
Governor John Ashcroft, Missouri
Governor George A. Sinner, North Dakota
Governor Carroll A. Campbell Jr., South Carolina
Governor Norman H. Bangerter, Utah
Governor Michael Sullivan, Wyoming

Raymond C. Scheppach, Executive Director

THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS, founded in 1945, is the principal organization for the professional development of its members; for improving the capabilities of staff and information available to state budget officers; and for development of the national fiscal and executive management policies of the National Governors' Association. It is a self-governing affiliate of the National Governors' Association. The National Association of State Budget Officers is composed of the heads of state finance departments, the states' chief budget officers, and their deputies. All other state budget office staff are associate members. Association membership is organized into four standing committees: Health, Human Services, and Justice; Financial Management, Systems, and Data Reporting; Tax, Commerce, and Physical Resources; and Education, Training, and Human Resources Management.

1989-90 Executive Committee
Jon Yunker, Oregon, President
Paul Timmreck, Virginia, President-Elect
Stephen L. Richman, New York, Past President
Preston Cantrell, South Carolina, Member-at-Large
Clark Stevens, Georgia, Member-at-Large
Donald Hill, New Hampshire, Eastern Regional Director
Sheila Beckett, Texas, Southern Regional Director
Patrick Cavanaugh, Iowa, Midwestern Regional Director
Larry Schlicht, Idaho, Western Regional Director
Garland Ferrell, Indiana, Education, Training, and Human Resources Management
Russell Gould, California, Health, Human Services, and Justice
Dale Hatch, Utah, Financial Management, Systems, and Data Reporting
Patricia Walton, Vermont, Tax, Commerce, Physical Resources
Stephen Golding, Delaware, Research Committee

Gerald H. Miller, Executive Director

Fiscal Survey of the States

March 1990

by

Marcia A. Howard

National Governors' Association
National Association of State Budget Officers

ISSN 0198-6562
ISBN 1-55877-109-3

March 1990

Copyright 1990 by the National Governors' Association and the National Association of State Budget Officers.
All rights reserved.

National Governors' Association
444 North Capitol Street
Suite 250
Washington, DC 20001-1572
(202) 624-5300

National Association of State Budget Officers
400 North Capitol Street
Suite 295
Washington, DC 20001-1572
(202) 624-5382

Price: $20.00

Table of Contents

		Page
PREFACE		v
EXECUTIVE SUMMARY		vii
I.	STATE EXPENDITURE DEVELOPMENTS	1
	Overview	1
	Biennial Budgets	3
	Budget Management	4
	Other Expenditure Issues	4
II.	STATE REVENUE DEVELOPMENTS	7
	Overview	7
	Revenue Collections for Fiscal 1990	8
	Fiscal 1991 Tax Changes	8
	Personal Income Tax	8
	Sales Tax	10
	Business Tax	10
	Cigarette Taxes	10
	Motor Fuel Taxes	10
	Alcohol Taxes	10
	Miscellaneous Taxes	11
III.	YEAR-END BALANCES	13
IV.	REGIONAL FISCAL OUTLOOK	17
	Overview	17
	New England	17
	Mideast	18
	Great Lakes	18
	Plains	18
	Southeast	18
	Southwest	18
	Rocky Mountain	19
	Far West	19
APPENDIX		21

Page

TABLES

1. State Nominal and Real Annual Budget Increases, 1979-1991 1
2. Annual State General Fund Expenditure Increases 2
3. State Budget Cuts Adopted in Fiscal 1990 After the Appropriations Bill had Passed 3
4. Proposed Cost-of-Living Increases for Aid to Families with Dependent Children--Fiscal 1991 4
5. Proposed New Spending or Tax Programs to Aid Local Government, Fiscal 1991 . 5
6. Sources of Increases in State Tax Collections, Fiscal 1978-1991 7
7. Summary of Fiscal 1991 Revenue Proposals by Type of Revenue and Net Increase or Decrease 9
8. Size of Total Year-End Balances, 1978 to 1991 13
9. Total Year-End Balances as a Percent of Expenditures 15
10. Regional Budget and Economic Indicators 17

FIGURES

1. Nominal Expenditure Growth in Fiscal 1991 State Budgets 2
2. Total Year-End Balances as a Percent of Expenditures, Fiscal 1990 14
3. Total Year-End Balances as a Percent of Expenditures, Fiscal 1991 15
4. Size of Total Year-End Balances, Fiscal 1979 to 1991 16

APPENDIX TABLES

A-1. Fiscal 1989 State General Fund, Actual Figures 23
A-2. Fiscal 1990 State General Fund, Estimated Figures 25
A-3. Fiscal 1991 State General Fund, Recommended Figures 27
A-4. Combined Ending Balances and Stabilization Funds as a Percent of Expenditures, 1989-1991 29
A-5 Nominal Percentage Expenditure Change, Fiscal 1989-1990 and Fiscal 1990-1991 30
A-6. Fiscal 1990 Tax Collections Compared With Projections Used in Formulating Budget 31
A-7. Proposed 1991 Tax Changes by Type of Tax 33
A-8. Proposed State Employment Compensation Changes, Fiscal 1991 36

Preface

The Fiscal Survey of the States is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors' Association (NGA). The series was started in 1977. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. While not the totality of state spending, these funds are used to finance most broad-based state services and are the most important elements in determining the fiscal health of the states. A separate survey that includes total state spending also is conducted annually.

The field survey on which this report is based was conducted by the National Association of State Budget Officers in January, February, and March 1990. The surveys were completed by Governors' state budget officers in the fifty states.

Fiscal 1989 data represent actual figures, fiscal 1989 figures are estimated data, and fiscal 1991 data are figures contained in proposed 1990 budgets. In forty-six states, fiscal 1990 will close on June 30, 1990. New York's fiscal year will end March 31, 1990. Texas' fiscal year will end on August 31, 1990, and Michigan and Alabama will close their fiscal years on September 30, 1990.

The Fiscal Survey of the States is a cooperative effort of the National Association of State Budget Officers and the National Governors' Association. Marcia Howard compiled data for the report and prepared the text. Laura Shaw produced the report, and Gerald Miller provided technical support. Gerry Feinstein of the National Governors' Association edited the report.

Executive Summary

In general, the fiscal condition of states is worse today than it was a year ago. The economic slowdown that plunged a handful of northeastern states into fiscal distress in fiscal 1989 has become evident down the eastern seaboard as many states cut enacted fiscal 1990 budgets in response to revenue shortfalls. Total state year-end balances, which registered a record high $12.6 billion at the end of fiscal 1989, are forecast to drop to $8.3 billion in 1990, a dramatic $4.3 billion decline in just one year. Whereas eight states had cut their enacted budgets at this time a year ago, twenty have already cut or proposed to cut budgets this year.

There are strong regional variations in fiscal condition. Only a few states west of the Mississippi River have cut enacted 1990 budgets and the northwestern states are experiencing strong revenue growth. Weak fiscal conditions are concentrated largely in New England, the Mideast, and the Southeast. Most of the states in the central part of the country remain stable with a slight slowing in revenue growth relative to forecasts.

After several years of strong spending growth, proposed 1991 budgets reflect weakening state economies. The average growth in recommended 1991 budgets is just 5.1 percent. Whereas appropriated 1990 state budgets grew by 7.7 percent over fiscal 1989 budgets, 1990 budgets are now estimated to grow at 8.5 percent, reflecting supplemental expenditures. This increase in current year expenditures is strong evidence of the expenditure pressures that have been built into state budgets.

Compared with an unexpectedly strong 1989, revenue growth in 1990 is slower than many states anticipated. While both original and current estimates call for revenue growth of 5.5 percent, twenty-two states report that current 1990 revenues are below original estimates. A year ago only twelve states reported low revenue collections. The corporate income tax is the primary source of weak collections, although several states also reported low sales tax collections.

There are significant new tax proposals in fiscal 1991 state budgets, especially in northeastern states. Overall, $4.9 billion in new revenues is recommended, the same amount that was added to fiscal 1990 revenues during 1989 legislative sessions. More than 50 percent of the recommended 1991 increase is accounted for by just two states, New Jersey and New York.

Major findings of this survey include:

- Proposals to increase benefits for recipients of Aid to Families with Dependent Children (AFDC) have been included in nineteen executive budgets. Eleven states will consider proposals to increase aid to local governments.
- Revenue increases are proposed in twenty-one states and decreases are proposed in two states. The sales tax is the single largest source of proposed increases.
- As proposed, six states' fiscal 1991 budgets will decline and twenty-four will grow less than 5.0 percent.
- Medicaid spending continues to strain state budgets. State spending on Medicaid has increased by up to $1 billion from original estimates in fiscal 1990.
- For fiscal 1990, ending balances as a percent of spending are estimated to be at their lowest level since the recession year of 1983 and are forecast to drop even more in fiscal 1991.

I. State Expenditure Developments

Overview

Proposed 1991 state budgets reflect declining fiscal conditions across the country. Expenditure growth for next year is recommended to be only 5.1 percent. Oddly, spending growth in fiscal 1990 has been revised upward from 7.7 percent in enacted budgets to 8.5 percent. This increase occurs in spite of the fact that twenty states have had to reduce enacted budgets.

Table 1 shows the dramatic decline in proposed state spending increases for 1991 compared with recent years. If approved as recommended, fiscal 1991 budgets will increase at the lowest rate since 1983. While it is common for legislatures to increase the budgets recommended by Governors, this should occur less in 1991 than in recent years, given the weakening national economy.

Table 1
STATE NOMINAL AND REAL ANNUAL BUDGET INCREASES, 1979-1991

	State General Fund	
Fiscal Year	*Nominal Increase (est.)*	*Real Increase*
1991	5.1% (est.)	0.6% (est.)
1990	8.5 (est.)	3.3 (est.)
1989	8.7	3.5
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979-91 average	**8.3%**	**1.9%**

NOTE: The state and local government implicit price deflator was used for state expenditures in determining real changes.

SOURCE: National Association of State Budget Officers

Whereas nine Governors proposed spending increases of 10 percent or more for 1990, only four have done so for 1991. Proposed spending growth tends to be lower than enacted spending so increases of more than 10 percent will probably occur in more than those four states. This year, however, there will be less tendency for legislatures to add to Governors' proposals because budgets are tighter than they have been in recent years.

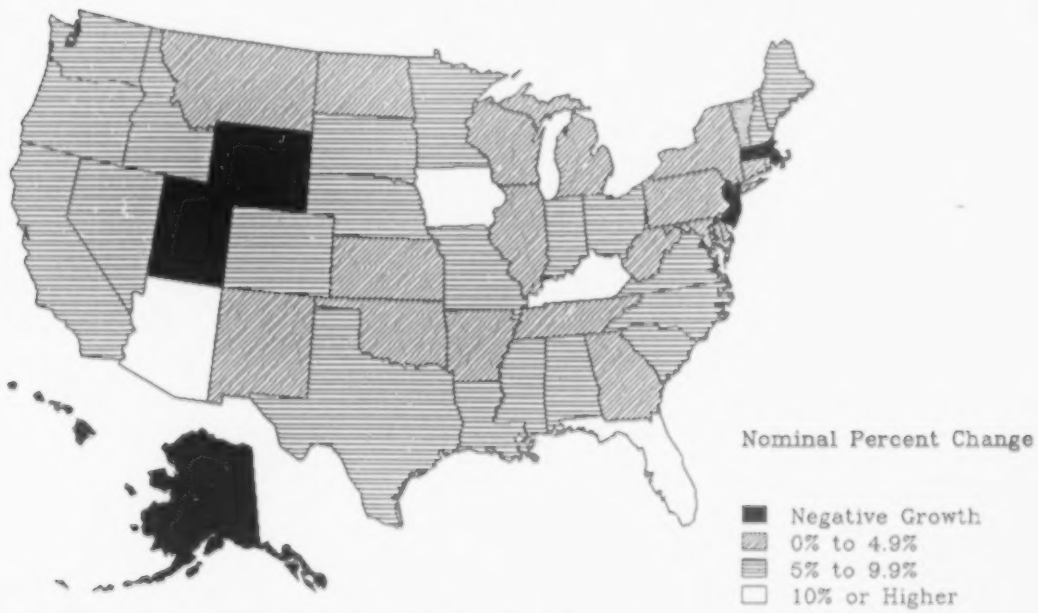
Table 2
ANNUAL STATE GENERAL FUND EXPENDITURE INCREASES

Spending Growth (percentage)	*Number of States*	
	Fiscal 1990 (Estimates)	*Fiscal 1991 (Proposed)*
Less than 0	3	6
0.0 to 4.9	11	18
5.0 to 9.9	21	22
10 or more	15	4
Average Growth Rate	8.5%	5.1%

SOURCE: National Association of State Budget Officers

While there is wide variation in the increases proposed in Governors' budgets --- including actual declines in some states --- Table 2 shows that most of the proposed spending increases for 1991 fall in the 5 to 10 percent range, suggesting budgets that continue current programs without a large number of new initiatives. Almost half the states have proposed increases of less than 5 percent, suggesting real expenditure declines when adjusted for inflation.

Figure 1
NOMINAL EXPENDITURE GROWTH IN FISCAL 1991 STATE BUDGETS



SOURCE: National Association of State Budget Officers

Figure 1 illustrates some of the regional variations. While there are exceptions to the general trends described in this report, Figure 1 shows the tight fiscal condition in many states east of the Mississippi River. Details about specific state spending proposals are included in Appendix Tables A-1, A-2, A-3, and A-5.

Biennial Budgets

The data on expenditure growth reveal the peculiarities of biennial budgeting. Depending on how states stagger their spending across the two years, it is possible to have large swings in year-to-year expenditures. A biennium-to-biennium figure would produce a smoother growth line for many of the twenty-one states with biennial budgets. It is increasingly common, however, for states to make budgetary adjustments at the mid-point of the biennium. This evens out some of the swings that can occur. The twenty-one states that budget on a biennial basis are shown in Appendix Tables A-1 through A-6.

Table 3
STATE BUDGET CUTS ADOPTED IN FISCAL 1990 AFTER THE APPROPRIATIONS BILL HAD PASSED

State	*Amount (in mil.)*	*Date(s) Enacted*	*Notes*
Arizona	$16.3	1/90	Exempts K-12 education and transportation.
Connecticut	28.0	1/90	Includes only agency operating budgets.
Florida	271.6	11/89	Education, health, and rehabilitative service cuts offset by other fund balances.
Hawaii	28.0	7/89	Exempts local aid, K-12 education, unemployment insurance, workers' compensation.
Kansas	35.1	Proposed	Cut based on individual reviews of all state agency budgets.
Maine	76.4	Proposed	Exempts bonded debt and retirement.
Massachusetts	638.0	7/89, 1/90	Exempts mandated programs underfunded in legislative budget (e.g., Medicaid, AFDC, employee health insurance premiums).
Michigan	132.0	Proposed	Exempts K-12 education, higher education.
Minnesota	145.0	Proposed	Exemptions not yet determined.
Missouri	7.3	10/89	Exempts K-12 education, higher education, Medicaid, AFDC, certain mental health programs.
New Hampshire	67.5	2/90	Exempts direct aid to local government.
New Jersey	405.0	12/89	Cut achieved through freeze on hiring, travel, equipment purchases, use of consultants, and temporary employees and similar actions.
New York	135.0	11/89	Cut is based on 2 percent of agency cash disbursement limits and allows complete flexibility in meeting savings amount.
North Carolina	203.0	9/89	Reductions occur through allotment procedure rather than budget reductions and through delay of capital projects.
North Dakota	90.0	12/89	Reduction is on a biennial basis.
Rhode Island	31.2	11/89, 1/90	An additional $13.2 million in revenue measures and $22.6 million in improvements to balance have been proposed. Corrections and child welfare are exempt from reductions.
Tennessee	100.0	11/89	No exemptions.
Vermont	10.0	7,8,12/89	Exempts debt service, property tax relief, state aid, some human service programs.
Virginia	57.4	12/89	Capital outlay appropriations frozen.
	35.5	12/89	Exempts local aid, K-12 education, corrections, law enforcement and others.
	66.5	1/90	Capital projects funded with lottery fund frozen.
West Virginia	42.0	11/89	Exempts debt service.

SOURCE: National Association of State Budget Officers

Budget Management

When it becomes clear that revenues will not meet their forecast levels in a given year or will not be high enough to cover expenditures, states must act quickly to close the gap. Since it can be difficult to obtain quick legislative approval for tax increases, it is common for states to respond to revenue shortfalls by first cutting expenditures.

A year ago this survey reported that eight states had cut enacted 1989 budgets in response to potential imbalances. This year twenty states already have reduced or proposed to reduce enacted 1990 budgets (see Table 3). Whereas most of the states cut budgets in response to revenue shortfalls, some states, like Kansas and Michigan, enacted cuts to finance additional expenditures in specific programs.

Budget cuts enacted in all of fiscal 1989 totaled $923 million. Thus far in fiscal 1990 $2.6 billion, almost three times that amount, has been cut. Whereas cuts made in 1989 tended to be heavily concentrated in one or two northeastern states, cuts this year are more evenly spread and include a number of states outside New England and the Mideast.

Table 4
PROPOSED COST-OF-LIVING INCREASES FOR AID TO FAMILIES WITH DEPENDENT CHILDREN--FISCAL 1991

State	*Proposed 1991*	*State*	*Proposed 1991*
Alaska	3.6	New Hampshire	2.0
Colorado	5.0	North Dakota*	4.0
Connecticut	4.8	Oklahoma	5.0
Delaware	3.7	Oregon	3.0
Florida*	3.0	South Dakota	2.0
Georgia	2.5	Tennessee	6.4
Iowa	3.2	Utah	4.0
Maine	*	Vermont	3.0
Maryland	5.0	Wyoming	*
Missouri	1.0		

NOTES: Florida — Increase effective January 1991.
Maine — Proposed 3 percent increase in standard of need.
North Dakota — A 4 percent increase effective July 1990 was approved by the legislature.
Wyoming — The Governor proposed a 10 percent increase in the number of eligible families.

SOURCE: National Association of State Budget Officers

Other Expenditure Issues

States have traditionally provided information on proposed increases in Aid to Families with Dependent Children (AFDC), new programs to aid local government, and employee compensation increases. This year, in response to recent federal actions in the Medicaid program, state Medicaid spending data also was requested.

Aid to Families with Dependent Children. Nineteen Governors have proposed increases in AFDC (see Table 4). These recommendations compare with those of twenty-

nine states that increased benefits for fiscal 1990, twenty of which had been recommended in Governors' budget proposals. Given the number of states with budget constraints, it is surprising that the number of Governors proposing AFDC increases has not declined more since last year.

Aid to Local Government. Table 5 lists new proposals to assist local government. Several of the proposals involve limiting property taxes or granting property tax relief. There appears to be increasing interest in property tax issues as states step in to ease the burden of rising tax assessments.

The number of proposals to aid local government has declined since fiscal 1990, when twenty Governors proposed new programs and twenty-eight states enacted new programs. This probably reflects the tight fiscal condition of many states and their inability to fund new programs out of available resources.

Employee Compensation Increases. Appendix Table A-8 lists proposed increases in state employee compensation for fiscal 1991. Fiscal conditions have eliminated proposed increases in only a few states. For most states, increases fall in the 4 to 6 percent range.

Table 5
PROPOSED NEW SPENDING OR TAX PROGRAMS TO AID LOCAL GOVERNMENT
FISCAL 1991

Delaware	Contribute $3.9 million to counties as state share (60 percent) in support of statewide paramedic program.
Hawaii	Grant counties authority to levy .5 percent sales tax ($150 million); transfer taxing authority for the transient accommodations tax to the counties ($45 million).
Idaho	Assist in construction of juvenile detention facilities ($8.2 million); assume county share of drug cost for medical assistance program ($2 million).
Iowa	Provide property tax relief of $15 million.
Kansas	Provide $1 million for "Parents as Teachers" program in school districts. Districts will provide 50 percent match.
Michigan	Introduce program to contain property tax assessments for local school taxes to rate of consumer price index.
New York	Proposals include Medicaid cost containment package ($149.5 million); 21st Century Environment Bond Act ($430 million); savings from pension reform ($170 million); increased support for preschool handicapped education program ($17.5 million); sales tax base broadeners ($35 million); authorization for variable rate bonds for New York City ($10 million); elimination of duplicative teacher examination process in New York City ($6.4 million); municipal cost effectiveness grants program ($0.5 million); office of mandate review ($0.25 million).
South Carolina	Allow counties to levy one cent sales tax with property tax roll-back requirement (legislative proposal).
Tennessee	Provide $7 million for local bridge program through a 70 percent-30 percent state-local match.
Washington	Increase in gas/transportation taxes ($84 million); one-time liquor profits distribution ($7.5 million); targeted local assistance ($27 million).
Wisconsin	Incentive payments to limit property tax increases through levy restraint program ($4 million); cost sharing for school infrastructure ($33 million); lottery proceeds property tax credit ($92 million).

SOURCE: National Association of State Budget Officers

II. State Revenue Developments

Overview

A year ago this survey reported that fiscal 1989 revenues were exceeding expectations and that thirty-eight states were reporting revenues at or ahead of original revenue estimates. Much has changed. In general, fiscal 1990 revenues are below expectations and nearly half the states report that actual collections are lower than original estimates.

In both proposed and enacted 1990 budgets, revenue growth was estimated at 5.5 percent. Revenue growth is now estimated to be 5.6 percent. Some of the spending that was included in 1990 budgets was made possible not by revenue growth but by high

Table 6
SOURCES OF INCREASES IN STATE TAX COLLECTIONS, FISCAL 1978-1991

Fiscal Year	*Total Tax Revenue Collection ($ in billions)*	*$ Change in Total Tax Revenue ($ in billions)*	*% Change in Tax Revenue*[a]	*Net Change Resulting From Political Actions*[b] *($ in billions)*	*Change Resulting From Economic Factors*[c] *($ in billions)*
1991	N/A	N/A	N/A	$4.9 (est.)	N/A
1990	N/A	N/A	N/A	4.9 (est.)	N/A
1989	$284.6	$22.3	8.5%	0.8	$21.5
1988	262.3	15.7	6.4	6.0	9.7
1987	246.6	18.5	8.1	0.6	17.9
1986	228.1	12.8	5.9	-1.1	13.9
1985	215.3	18.3	9.3	0.9	17.4
1984	197.0	25.6	14.9	10.1	15.5
1983	171.4	8.8	5.4	3.5	5.3
1982	162.7	12.9	8.6	3.8	9.1
1981	149.7	12.7	9.2	0.4	12.3
1980	137.1	12.1	9.8	-2.0	14.1
1979	125.0	11.7	10.3	-2.3	14.0
1978	113.3	12.2	12.0	0.5	11.7

NOTES:
a. Increase in actual tax collections divided by previous year collections.
b. Political action includes discretionary legislative actions such as adopting or repealing a tax, raising or lowering a tax rate, and changing the tax base. Does not include administrative tax adjustments or changes in tax collection procedures. Generally includes temporary taxes that were made permanent (e.g., if a state adopted a one-year temporary tax increase in 1982 and than extended it in 1983, and made it permanent in 1984, then the tax increase was counted for three years because it required legislative action to maintain a rate that was scheduled to decrease). If a tax change is phased in over several years, only the first year of the tax change is counted. Figures in this column represent legislative tax changes that resulted from actions passed in the prior legislative session (e.g., fiscal 1989 tax changes were passed in the 1988 session); therefore, these figures represent revenue projections presented to legislators when they passed the tax change.
c. Economic growth (or decline) and inflation's effect on revenue growth.

SOURCES: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism, 1985-86 Edition*, Page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988, 1989, 1990, and 1991 data provided by the National Association of State Budget Officers.

balances resulting from strong economic activity in fiscal 1989. Table 6 compares state revenues for fiscal 1978 through fiscal 1989.

Now that economic activity has slowed, it is no longer possible to tap balances for spending increases. Instead, revenues must be increased to support additional spending. For 1991, proposed budgets assume revenue growth of 6.3 percent. This increase includes proposed tax increases totaling $4.9 billion.

Revenue Collections for Fiscal 1990

Compared with 1989, revenue collections for 1990 have been disappointing. A year ago states were increasing their revenue estimates for the current year; this year they are decreasing the estimates. A year ago states were reporting revenues that exceeded original estimates; this year they report revenues below original estimates. Although overall fiscal 1990 revenue growth has changed little over the last three surveys, many states have had small revenue shortfalls, while a few have large revenue increases compared with original projections.

Appendix Table A-6 compares original revenue projections for fiscal 1990 with current estimates for three tax sources: sales tax, personal income tax, and corporate income tax. The table shows that for most states personal income tax revenues are running close to estimates while the sales tax and corporate income tax are creating problems for some.

The regional breakdown on revenue collections is predictable. Most of the eastern United States reports low collections while many western states report high collections. The central states are mixed, with collections running both high and low but generally close to estimates.

Fiscal 1991 Tax Changes

Based on the data reported in Table 6, it appears that large tax proposals are not commonly enacted in years corresponding with gubernatorial elections. Fiscal 1991 is such a year. Thirty-six Governors races will be decided in November 1990.

This makes it all the more unusual that $4.9 billion in new revenue is proposed in fiscal 1991 budgets. This compares with $4.9 billion in enacted new revenues in fiscal 1990. Of the proposed increase, more than 50 percent is for New Jersey and New York. These two are among several northeastern states with severe budget problems. Table 7 lists proposed net revenue increases by state and by revenue source.

Overall, revenue changes are proposed in twenty-three states. Only two of these states, Georgia and Hawaii, have proposals for net decreases. Specific proposals are included in Appendix Table A-7. Details on tax proposals in Louisiana were not available as the survey went to press, though the magnitude of the increase is shown in Table 7.

Personal Income Tax

The most significant personal income tax proposals have been made in Kentucky, New York, and Oklahoma. Kentucky is the only state that has not yet conformed to the federal tax code. The proposal to do so will increase personal income tax revenues by more than $300 million. Some other states realized this type of gain when they changed their tax codes following federal tax reform in 1986. Also, both Arizona and Kentucky have proposed to eliminate the deduction for federal income taxes. Few states offer this deduction on their state income taxes.

Table 7

SUMMARY OF FISCAL 1991 REVENUE PROPOSALS BY TYPE OF REVENUE AND NET INCREASE OR DECREASE

($ in millions)

State	Personal Income	Sales	Corporate Income	Cigarette/ Tobacco	Motor Fuels	Alcohol	Others	Total
Alabama							55.0	55.0
Alaska					34.2			34.2
Arizona	69.3		39.3	30.5			30.9	139.1
Arkansas								0.0
California								0.0
Colorado								0.0
Connecticut								0.0
Delaware						5.0	2.9	7.9
Florida				259.3				259.3
Georgia		-125.0						-125.0
Hawaii	-64.0						-45.0	-109.0
Idaho								0.0
Illinois				80.0			135.0	215.0
Indiana								0.0
Iowa								0.0
Kansas								0.0
Kentucky	332.2	82.4	30.2	37.8				482.6
Louisiana							604.0	604.0
Maine								0.0
Maryland		29.5					4.7	34.2
Massachusetts							12.0	12.0
Michigan								0.0
Minnesota								0.0
Mississippi								0.0
Missouri		5.0						5.0
Montana								0.0
Nebraska								0.0
Nevada								0.0
New Hampshire				7.8	10.0	1.9	16.1	35.8
New Jersey		1,007.0		100.0		52.0	255.0	1,414.0
New Mexico		45.7		9.1				54.8
New York	400.0	77.0	175.0	66.0			426.0	1,144.0
North Carolina								0.0
North Dakota								0.0
Ohio					116.0			116.0
Oklahoma	101.4	97.0					5.0	203.4
Oregon								0.0
Pennsylvania								0.0
Rhode Island							53.1	53.1
South Carolina								0.0
South Dakota								0.0
Tennessee								0.0
Texas								0.0
Utah								0.0
Vermont	17.2	5.0	3.3	5.0			14.0	44.5
Virginia	15.0		29.9			9.1		54.0
Washington					130.0			130.0
West Virginia								0.0
Wisconsin								0.0
Wyoming								0.0
Total	$871.1	$1,223.6	$277.7	$595.5	$290.2	$68.0	$1,568.7	$4,863.9

New York has proposed to freeze the tax cut scheduled for 1990 and 1991. This cut was enacted several years ago as part of New York's response to both federal tax reform and strong economic performance. Freezing the reduction will increase revenues by $400 million in fiscal 1991.

Oklahoma proposes bracket changes and an increase in calculating the income tax under a certain method to raise more than $100 million in fiscal 1991. In addition to these four states, two others have proposed personal income tax increases and one, Hawaii, has proposed a decrease.

Sales Tax

The largest amount of new revenue, more than $1.2 billion, is proposed to be raised in the sales tax. Eight states have proposed sales tax increases and one state, Georgia, will exempt food from an increase enacted last year. This exemption will cost $125 million in fiscal 1991.

New Jersey proposes to increase sales tax revenues by more than $1.0 billion by increasing the sales tax rate from 6 percent to 7 percent and by removing several sales tax exemptions. Both New Mexico and Oklahoma will consider proposals to increase the sales tax rate.

In the area of base expansion, Kentucky proposes to extend the sales tax to certain services, Maryland proposes to extend it to certain types of snack foods, Missouri has proposes to extend it to newspapers, and Vermont proposes to extend it to beer and wine.

Business Tax

Only five states have proposals to increase business taxes. The net impact of these changes is an increase of $277 million. New York accounts for most of the increase with $175 million in proposed changes in the tax on Sub-chapter S corporations and the corporate franchise tax. Arizona proposes to remove the state deduction for federal taxes paid. This proposal will raise $24.5 million.

Cigarette Taxes

While fewer states than last year have proposed raising cigarette taxes, the increases account for more revenue. Almost $600 million is proposed to be raised through this tax source, compared with $362 million in enacted increases last year. The largest revenue increase comes from Florida, where a 19 cents per pack increase will raise $259 million in new revenue. Eight other states have proposed increases.

Motor Fuel Taxes

Fewer states have proposed raising revenue from this tax source compared with a year ago. Only four states face proposals to increase motor fuel taxes and those increases will raise less than $300 million. The largest increases have been proposed in Ohio and Washington.

Alcohol Taxes

Only four states have proposed raising taxes on alcohol following a year in which only five actually raised them. Proposed increases for 1991 will raise only $68 million in additional revenue. There is little interest in resorting to these "sin taxes" as a source of additional revenue.

Miscellaneous Taxes

Many states report proposed changes in miscellaneous taxes that will increase revenues by more than $1.5 billion in fiscal 1991. Most of the increase is attributable to Louisiana, where detail on specific increases was unavailable. In addition, Illinois, New Jersey, and New York together account for more than $700 million in increases. Illinois proposes to increase telecommunications taxes; New Jersey proposes a gross receipts tax on petroleum products; and New York proposes a variety of tax increases ranging from telecommunications taxes to insurance premium taxes and estate and gift taxes.

III. Year-End Balances

The spend-down in balances that this survey has warned of in recent years appears to have finally become a reality in fiscal 1990. Not only are states reporting lower total balances for the current year compared with the prior year, but they are currently showing lower balances for 1990 than were estimated at the beginning of the fiscal year. Appropriated fiscal 1990 budgets assumed ending balances of 3.5 percent; those balances are now estimated at 3.0 percent. This decline reflects a $4.3 billion drop in balances in a single year.

In the past, this report has examined both general fund ending balances and budget stabilization fund balances. General fund balances are assumed to be available for spending in the following year while stabilization fund balances are more difficult to tap and require a trigger of certain economic changes or phenomena such as rising unemployment rates or falling personal income.

These distinctions seem less valid now. Some states put resources into budget stabilization funds but the funds may be used simply by legislative appropriation. No economic criteria must be met before they can be used. For this reason, the report now combines the two balances and refers to total balances. Details on the components of the balances can be found in Appendix Tables A-1, A-2, and A-3.

Table 8
SIZE OF TOTAL YEAR-END BALANCES
1978 TO 1991

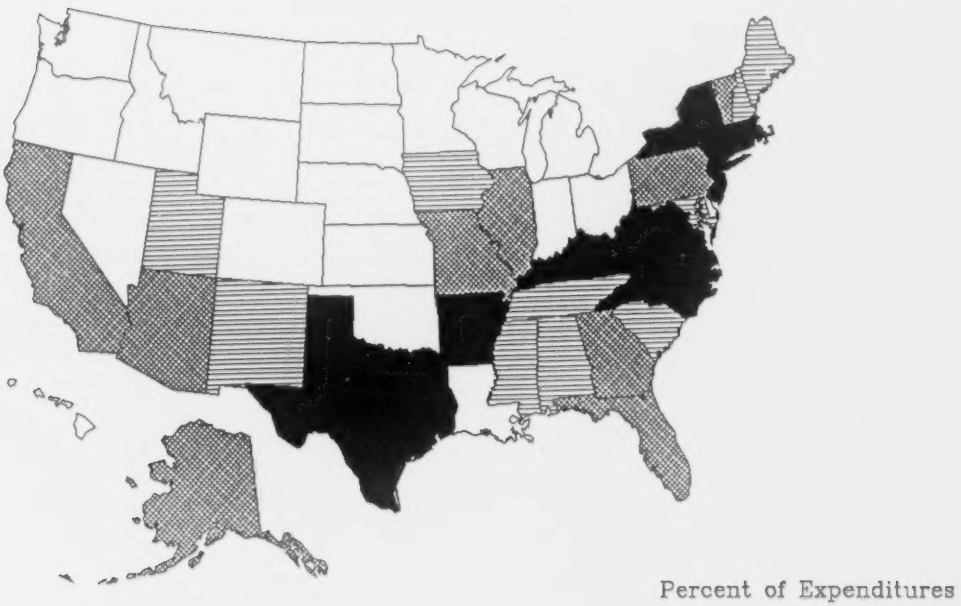
Year	*Total Balance ($ in billions)*	*Total Balance (As % of Expenditures)*
1991	$7.9 (est.)	2.7%
1990	8.3 (est.)	3.0
1989	12.6	4.9
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7
1978	8.9	8.6

SOURCE: National Association of State Budget Officers

Table 8 shows changes in state balances in terms of dollar levels and as a percentage of expenditures. It is now clear that fiscal 1989 was one of the strongest years in recent history for state budgets. Total balances were at their highest dollar level in history and they represented almost 5 percent of expenditures.

In recent years, original estimates of balances have been low and have increased as the fiscal year has progressed. Thus, 1989 balances were originally estimated to be only $5.5 billion and ended up at $12.6 billion. The pattern has definitely changed in fiscal 1990. Original estimates called for balances of $8.1 billion. The estimate was raised to $9.6 billion when budgets were enacted. It has now declined to $8.3 billion, revealing the tighter condition of state budgets.

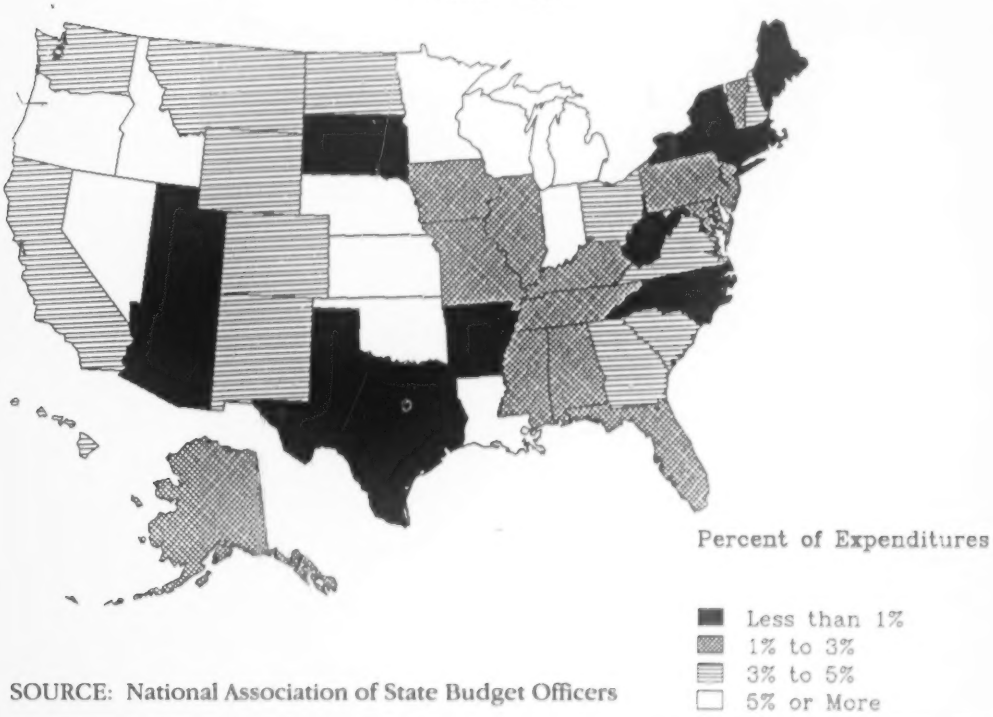
Figure 2
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES
FISCAL 1990



SOURCE: National Association of State Budget Officers

For fiscal 1991, Governors propose to end the year with $7.9 billion in balances. This figure represents just 2.7 percent of proposed expenditures and would be the lowest balance held since 1983. Figures 2 and 3 show the regional variations in total balances. The maps show that most of the northeastern states are in a condition of extreme fiscal difficulty.

Figure 3
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES
FISCAL 1991



SOURCE: National Association of State Budget Officers

Table 9 illustrates the decline in state fiscal condition. More than half the states ended fiscal 1989 with balances of more than 5 percent of expenditures. The number in this category is estimated to decline to twenty in fiscal 1990 and to eleven in fiscal 1991. By the end of fiscal 1991, thirty-nine states plan to hold less than 5 percent of expenditures as total balances.

Table 9
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES

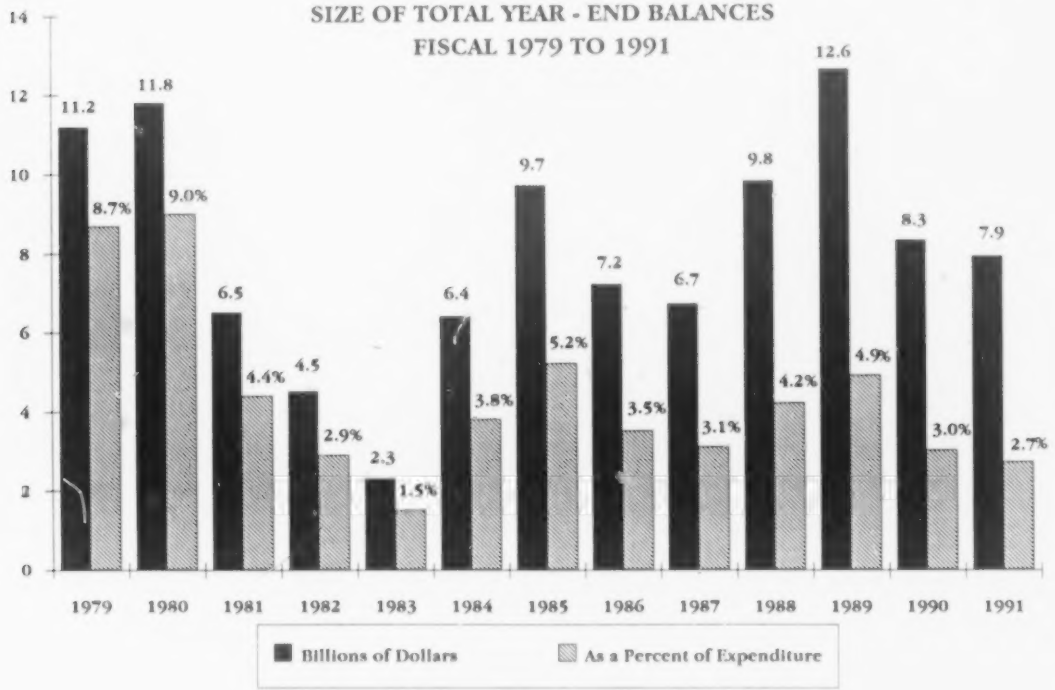
	Number of States		
(Percentage)	*Fiscal 1989 (Actual)*	*Fiscal 1990 (Estimated)*	*Fiscal 1991 (Proposed)*
Less than 1.0	5	12	12
1.0 to 2.9	7	8	14
3.0 to 4.9	9	10	13
5 or more	29	20	11
Average Percent	**4.9%**	**3.0%**	**2.7%**

SOURCE: National Association of State Budget Officers

Fiscal 1990 is a transition year. On one hand are northeastern states holding perilously low balances and on the other are states in the Midwest, Plains, and Northwest regions that still have healthy balances. Only three states estimate that they will hold a higher percentage of expenditures as balances in fiscal 1990 than in fiscal 1989. For fiscal 1991, thirteen states propose to increase their balances relative to expenditures.

Figure 4 provides the most graphic representation of balances relative to expenditures and the pattern they have followed over the last several years. This survey suggests a pattern that mirrors the 1980 to 1982 period closely. If the pattern holds, states may find that fiscal 1992 and fiscal 1993 are extremely difficult years.

Figure 4
SIZE OF TOTAL YEAR - END BALANCES
FISCAL 1979 TO 1991



SOURCE: National Association of State Budget Officers

IV. Regional Fiscal Outlook

Overview

The decline of state fiscal condition in New England and its neighboring states relative to the rest of the country is now well-established. This survey shows that fiscal instability is spreading to other regions, especially the Mideast. For the states as a whole, personal income growth is higher than it was six months ago but total state balances are lower than they were in fiscal 1989. Proposed spending growth for fiscal 1991 is lower than appropriated growth in fiscal 1990.

In three of the regions listed below, fiscal 1990 balances exceed 5 percent of expenditures. These same regions reported balances above 5 percent in fiscal 1989 but the balances were higher then than they are now. In every region, estimated 1990 balances are lower than actual 1989 balances.

Table 10
REGIONAL BUDGET AND ECONOMIC INDICATORS

	Weighted Unemployment Rate[a]	*Weighted Annual % Change in Personal Income*[b]	*Annual % Change in Population*[c]	*Fiscal 1990 Total Balances as a Percent of Expenditures*	*Proposed 1991 General Fund Budget Growth (%)*	*Number of States in Region*
New England	4.1%	8.2%	0.7%	-2.8%	1.8%	6
Mideast	4.7	8.4	0.4	0.8	2.2	5
Great Lakes	6.0	8.1	0.4	5.7	5.6	5
Plains	4.1	9.2	0.5	8.9	6.9	7
Southeast	5.2	8.3	1.1	2.9	7.1	12
Southwest	5.5	8.2	0.9	1.9	7.7	4
Rocky Mountain	4.9	8.7	0.6	6.4	2.5	5
Far West	4.9	9.2	2.6	3.5	5.8	6
Average	**5.1%**	**8.5%**	**1.0%**	**3.0%**	**5.1%**	**50**

SOURCES:
a. U.S. Department of Labor, Bureau of Labor Statistics, December 1989.
b. Survey of Current Business, State Personal Income, 1988.3-1989.3, January 1990.
c. FFIS Issue Brief 90-1, Percent Change in Population, 1988-1989, p.2.

New England

This region receives most of the national media attention for poor state fiscal conditions. Compared with data reported six months ago, the changes in the region are all for the worse. The unemployment rate has risen, personal income growth has slowed, population growth has slowed, ending balances are negative, and budget growth, at 1.8 percent for 1991, represents real declines in state spending.

The region is dominated by Massachusetts, the largest of the six states. While all of the states are grappling with potential budget imbalances, none are as dramatic as the

imbalance in Massachusetts. The large negative balance it estimates for fiscal 1990 dominates the regional statistics.

Mideast

This region had begun to show signs of fiscal instability six months ago and those signs are stronger now. New York and New Jersey have significant budget imbalances that are reflected in both ending balances and new revenue proposals. Although personal income growth in the region has increased in the last six months, the unemployment rate also has increased. As a result, proposed 1991 budgets are slated to grow just 2.2 percent compared with growth of 5.7 percent in appropriated 1990 budgets.

Great Lakes

The most alarming statistic from the Great Lakes region is the increase in the unemployment rate from the rate reported six months ago. The increase, from 5.4 percent to 6.0 percent, reflects weakness in the automotive sector. It is accompanied by an increase in personal income growth and stable population change. While ending balances are estimated to decline from their 1989 level, they will still exceed 5.0 percent of expenditures. Proposed 1991 spending growth is 5.5 percent, a decrease from 1990 spending growth of 8.5 percent.

Plains

As in the last survey, the Plains region reports the most stable fiscal condition among the eight regions. The unemployment rate is both stable and low and ending balances --- while they have declined --- are the highest in the country. Personal income growth has increased from 5.5 percent in the last survey to 9.2 percent, the highest in the country. This stable environment provides the resources for proposed spending growth of 6.9 percent in fiscal 1991.

Southeast

The largest region is also the most diverse and perhaps the most in flux. Many of the states in the Southeast have reduced enacted budgets while only two report tax collections above original estimates. The economic statistics show that the regional unemployment rate is lower than it was six months ago but still above the national average, while personal income growth is higher than it was six months ago and still below the national average.

Proposed spending growth for 1991 is the second highest in the country and well above the national average. This could reflect the pressure of Medicaid mandates on this region relative to other parts of the country. Ending balances are estimated at only 2.9 percent for fiscal 1990.

Southwest

This region contains only four states and is heavily dominated by Texas. Compared with the data reported six months ago, the Southwest has experienced an increase in personal income growth, from 5.6 percent to 8.2 percent. The unemployment rate has declined and population growth has increased. Yet, the region has below-average ending balances, just 1.9 percent, and above-average proposed spending growth for fiscal 1991.

Rocky Mountain

The Rocky Mountain region may have improved the most since the survey six months ago. The unemployment rate has gone from above-average to below-average and personal income growth has gone from below-average to above-average. Population growth is positive and ending balances are estimated to exceed 5 percent of expenditures for fiscal 1990. Proposed spending growth for fiscal 1991 is just 2.5 percent, well below the national average.

Far West

This region has the strongest economic statistics in the Unites States. Both Oregon and Washington are experiencing dramatic revenue growth and Hawaii continues to cut taxes. Both personal income growth and population growth for the region are the highest in the nation. Like the Southwest, the Far West is dominated by one state. The condition of California's economy tends to mask the other states in the region. Ending balances are estimated at 3.5 percent of expenditures for fiscal 1990 but would be higher if California were excluded from the group. Spending growth for 1991 is proposed to be 5.8 percent.

APPENDIX

TABLE A-1
FISCAL 1989 STATE GENERAL FUND
($ in millions)
Actual

	Beginning Balance	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
States With Annual Budgets						
Alabama	$177	$3,087	$3,264	$3,211	$53	$21
Alaska	224	2,186	2,410	2,248	163	
Arizona	6	2,886	2,892	2,890	1	
California*	54	36,953	37,007	35,897	1,109	*
Colorado*	106	2,385	2,491	2,356	135	*
Connecticut*	0	5,715	5,715	5,743	-28	130
Delaware*	158	1,119	1,278	1,092	185	*
Georgia	151	6,468	6,619	6,382	237	194
Idaho	17	773	790	701	89	*
Illinois	246	12,133	12,379	11,838	541	
Iowa	62	2,701	2,763	2,668	95	
Kansas	303	2,228	2,531	2,160	371	
Louisiana*	-512	5,227	4,715	4,060	655	
Maryland	409	5,442	5,851	5,461	390	92
Massachusetts	322	7,975	8,297	8,523	-226	
Michigan	22	7,081	7,103	7,035	68	419
Mississippi	89	1,804	1,893	1,809	84	24
Missouri	94	3,792	3,886	3,791	95	
New Jersey	774	11,187	11,962	11,550	411	
New Mexico*	0	1,867	1,867	1,754	*	113
New York*	53	28,191	28,244	28,244	0	0
Oklahoma	117	2,585	2,702	2,545	157	152
Pennsylvania*	95	11,260	11,355	10,970	385	112
Rhode Island*	115	1,299	1,413	1,400	14	37
South Carolina	13	3,137	3,150	3,092	58	88
South Dakota	42	409	450	411	40	
Tennessee	66	3,470	3,536	3,408	128	100
Utah	42	1,540	1,582	1,511	71	48
West Virginia	35	1,494	1,529	1,463	66	
States With Biennial Budgets						
Arkansas	$0	$1,714	$1,714	$1,714	$0	
Florida	235	9,272	9,506	9,465	42	157
Hawaii	471	2385	2,856	2,227	629	
Indiana*	243	5,198	5,441	5,017	425	265
Kentucky	32	3,326	3,358	3,310	48	
Maine	142	1,498	1,640	1,477	163	25
Minnesota*	850	6,032	6,882	5,936	946	*
Montana	40	412	451	384	67	
Nebraska	178	1,099	1,277	987	290	50
Nevada	65	695	760	750	11	40
New Hampshire	13	571	584	578	6	29
North Carolina*	393	6,175	6,568	6,410	158	
North Dakota	51	536	587	547	40	25
Ohio	297	10,953	11,250	10,775	475	340
Oregon*	115	2,125	2,240	1,948	292	
Texas	113	12,821	12,934	12,778	156	
Vermont	74	546	619	608	11	13
Virginia*	275	5,555	5,830	5,830	*	
Washington	178	5,991	6,169	5,713	456	60
Wisconsin	194	5,635	5,829	5,454	375	
Wyoming	72	306	379	324	54	58
Total	$7,307	$259,239	$266,546	$256,444	$9,990	$2,594

NOTES TO TABLE A-1

For all states and unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

California	Ending balance includes $856.5 million budget stabilization fund.
Colorado	Required reserve of $92 million is included with ending balance.
Connecticut	Figures include $204.7 million for expenses related to the Educational Excellence Trust Fund, which was merged into the general fund beginning in fiscal 1990.
Delaware	Ending balance includes $55.9 million reserve fund.
Idaho	Ending balance includes $12 million budget stabilization fund.
Indiana	Figures include Property Tax Replacement Fund.
Louisiana	Revenues include $783 million of Recovery District Bond proceeds to be repaid over a ten-year period.
Minnesota	Ending balance includes $550 million budget stabilization fund.
New Mexico	Ending balance is held in budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect deficit note of $460 million and temporary loan of $656 million from the infrastructure trust fund, and a drawdown of $69 million from the tax stabilization reserve (rainy day) fund.
North Carolina	Revenues include $20 million in general obligation bonds for capital improvements.
Oregon	Biennial expenditures were split 48 percent to the first year of the biennium and 52 percent to the second year of the biennium.
Pennsylvania	Revenues include prior year lapses. In addition to its budget stabilization fund Pennsylvania reported $44 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Virginia	Expenditures and ending balance include undesignated fund balance.

TABLE A-2
FISCAL 1990 STATE GENERAL FUND
($ in millions)
Estimated

	Beginning Balance	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
States With Annual Budgets						
Alabama	$53	$3,246	$3,299	$3,192	$107	$30
Alaska	163	2,296	2,458	2,428	30	
Arizona	1	3,148	3,149	3,121	28	
California*	1,109	39,775	40,885	40,070	815	*
Colorado*	135	2,552	2,686	2,543	143	*
Connecticut	0	6,240	6,240	6,331	-90	102
Delaware*	185	1,158	1,343	1,192	152	*
Georgia	237	7,407	7,644	7,644	0	222
Idaho*	77	835	912	849	63	12
Illinois	541	13,009	13,550	13,275	275	
Iowa	95	2,900	2,996	2,863	132	
Kansas	371	2,298	2,669	2,420	249	
Louisiana	655	4,128	4,783	4,172	611	
Maryland	390	5,809	6,200	6,135	65	118
Massachusetts	0	8,272	8,272	8,933	-661	
Michigan	68	7,245	7,313	7,308	5	388
Mississippi	84	1,871	1,955	1,907	48	24
Missouri	95	4,155	4,249	4,158	91	
New Jersey	411	11,416	11,827	11,826	1	
New Mexico*	0	1,918	1,918	1,829	0	89
New York*	0	29,638	29,638	29,638	0	0
Oklahoma	157	2,683	2,840	2,679	161	123
Pennsylvania*	385	11,542	11,927	11,926	1	126
Rhode Island*	14	1,459	1,473	1,473	0	1
South Carolina	58	3,364	3,421	3,360	61	95
South Dakota	39	441	480	447	34	
Tennessee	128	3,631	3,759	3,707	52	100
Utah	71	1,584	1,655	1,655	0	52
West Virginia	66	1,681	1,747	1,733	14	
States With Biennial Budgets						
Arkansas	$0	$1,745	$1,745	$1,745	$0	
Florida	42	9,984	10,026	10,026	0	106
Hawaii	629	2,366	2,995	2,702	293	
Indiana*	425	5,505	5,929	5,509	420	322
Kentucky	48	3,499	3,547	3,547	0	
Maine	163	1,415	1,578	1,522	55	6
Minnesota*	946	6,523	7,469	6,644	825	*
Montana	67	420	487	432	55	
Nebraska	290	1,164	1,454	1,244	210	40
Nevada	11	761	772	762	10	40
New Hampshire	6	594	600	601	-1	29
North Carolina*	157	7,269	7,426	7,360	66	
North Dakota	40	504	544	514	30	22
Ohio	475	11,520	11,995	11,593	402	359
Oregon*	292	2,132	2,424	2,201	223	
Texas*	156	13,822	13,978	13,958	*	20
Vermont	11	588	599	599	0	11
Virginia	0	5,932	5,932	5,893	39	
Washington	456	6,174	6,630	6,205	425	60
Wisconsin	375	5,739	6,114	5,816	298	
Wyoming	54	402	456	432	25	30
Total	$10,231	$273,756	$283,987	$278,118	$5,760	$2,528

NOTES TO TABLE A-2

For all states and unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

California	Ending balance includes $511.9 million budget stabilization fund.
Colorado	Ending balance includes required reserve of $123.4 million.
Delaware	Ending balance includes $62.5 million reserve fund.
Idaho	Ending balance includes $38 million increase in budget stabilization fund.
Indiana	Figures include property tax replacement fund.
Minnesota	Ending balance includes $550 million budget stabilization fund.
New Mexico	Ending balance is held in budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect a $460 million revenue reduction for impoundment for fiscal 1989 deficit notes and an estimated receipt of $665 million for fiscal 1990 deficit notes.
North Carolina	Revenues include a $279.4 million transfer from the highway trust fund.
Oregon	Biennial expenditures were split 48 percent to the first year of the biennium and 52 percent to the second year of the biennium.
Pennsylvania	Revenues include prior year lapses. In addition to its Rainy Day Fund Pennsylvania expects a balance of $48 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Texas	Ending balance is held in a budget stabilization fund.

TABLE A-3
FISCAL 1991 STATE GENERAL FUND
($ in millions)
Recommended

	Beginning Balance	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
States With Annual Budgets						
Alabama	$107	$3,383	$3,490	$3,490	$0	$37
Alaska	30	2,442	2,472	2,419	53	
Arizona	28	3,457	3,485	3,453	32	
California*	815	43,102	43,917	42,613	1,304	*
Colorado*	143	2,664	2,807	2,695	112	*
Connecticut	0	6,604	6,604	6,604	0	12
Delaware*	152	1,235	1,387	1,250	137	*
Georgia	0	7,785	7,785	7,785	0	234
Idaho	25	885	910	910	0	50
Illinois	275	13,770	14,045	13,770	275	
Iowa	132	3,081	3,213	3,153	60	
Kansas	250	2,337	2,587	2,459	128	
Louisiana	611	4,343	4,954	4,503	451	
Maryland	65	6,276	6,340	6,338	2	133
Massachusetts	0	8,790	8,790	8,790	0	
Michigan	5	7,630	7,635	7,623	12	423
Mississippi	48	2,022	2,070	2,068	1	24
Missouri	91	4,458	4,549	4,474	75	
New Jersey	1	12,032	12,033	11,788	245	
New Mexico*	0	1,971	1,971	1,882	0	89
New York*	0	30,404	30,404	30,404	0	0
Oklahoma	161	2,803	2,964	2,779	185	123
Pennsylvania*	1	12,261	12,262	12,260	2	160
Rhode Island*	0	1,523	1,523	1,522	1	1
South Carolina	61	3,539	3,599	3,539	61	101
South Dakota	33	452	485	482	2	
Tennessee	52	3,724	3,776	3,776	0	100
Utah	0	1,646	1,646	1,646	0	
West Virginia	14	1,754	1,768	1,768	0	
States With Biennial Budgets						
Arkansas	$0	$1,791	$1,791	$1,791	$0	
Florida	0	11,193	11,193	11,193	0	150
Hawaii	293	2,477	2,770	2,674	96	
Indiana*	420	5,773	6,193	6,000	194	336
Kentucky*	0	4,139	4,139	4,079	60	*
Maine	55	1,546	1,602	1,602	0	6
Minnesota*	825	6,862	7,687	7,136	551	*
Montana	55	411	466	446	20	
Nebraska	210	1,198	1,408	1,331	77	32
Nevada	11	819	829	820	10	40
New Hampshire	-1	639	638	636	2	29
North Carolina*	66	7,686	7,752	7,752	0	
North Dakota	30	484	514	514	0	23
Ohio	402	12,109	12,511	12,451	60	376
Oregon*	223	2,362	2,585	2,385	201	
Texas*	20	15,155	15,175	15,132	0	42
Vermont	0	650	650	650	0	11
Virginia*	39	6,370	6,409	6,407	2	200
Washington	425	6,336	6,761	6,588	173	122
Wisconsin	298	6,216	6,514	6,097	417	
Wyoming	25	346	370	361	10	3
Total	$6,492	$290,933	$297,425	$292,283	$5,009	$2,857

NOTES TO TABLE A-3

For all states and unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

California	Ending balance includes $1,001.4 million budget stabilization fund.
Colorado	Ending balance includes required reserve of $106.5 million.
Delaware	Ending balance includes $66.3 million reserve fund.
Indiana	Figures include property tax replacement fund.
Kentucky	Ending balance includes $40 million budget stabilization fund.
Minnesota	Ending balance includes $550 million budget stabilization fund.
New Mexico	Ending balance is held in budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect a $665 million revenue reduction for impoundment for 1990 deficit notes. Revenue recommendations include thirty-day amendments to the budget submitted to the legislature on February 15, 1990.
North Carolina	Revenues include a $356 million transfer from the highway trust fund.
Oregon	Reported figures are estimated, not recommended. Biennial expenditures were split 48 percent to the first year of the biennium and 52 percent to the second year of the biennium.
Pennsylvania	Revenues anticipate $52.5 million in prior year lapses from legislative accounts. In addition to its Rainy Day Fund, Pennsylvania expects a balance of $35 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Texas	Ending balance is held in a budget stabilization fund. Beginning balances include a budget stabilization fund.
Virginia	The projected undesignated fund balance at the end of the 1990-92 biennium is $202.4 million. Of this amount, $200 million constitutes a revenue reserve. Biennial expenditures have been apportioned to fiscal 1991 to reflect the anticipated balance at the end of the biennium.

TABLE A-4
COMBINED ENDING BALANCES AND STABILIZATION FUNDS AS A PERCENT OF EXPENDITURES 1989 TO 1991

	Total Balances ($ in millions)			*As a Percent of Expenditures*		
	Fiscal 1989	*Fiscal 1990*	*Fiscal 1991*	*Fiscal 1989*	*Fiscal 1990*	*Fiscal 1991*
States With Annual Budgets						
Alabama	$74	$136	$37	2.3 %	4.3 %	1.1 %
Alaska	163	30	53	7.2	1.2	2.2
Arizona	1	28	32	0.0	0.9	0.9
California	1,109	815	1,304	3.1	2.0	3.1
Colorado	135	143	112	5.7	5.6	4.2
			0			
Connecticut	102	12	12	1.8	0.2	0.2
Delaware	185	152	137	17.0	12.7	11.0
Georgia	431	222	234	6.8	2.9	3.0
Idaho	89	75	50	12.7	8.8	5.5
Illinois	541	275	275	4.6	2.1	2.0
Iowa	95	132	60	3.6	4.6	1.9
Kansas	371	249	128	17.2	10.3	5.2
Louisiana	655	611	451	16.1	14.6	10.0
Maryland	482	183	135	8.8	3.0	2.1
Massachusetts	-226	-661	0	-2.7	-7.4	0.0
Michigan	488	393	434	6.9	5.4	5.7
Mississippi	108	72	26	6.0	3.8	1.2
Missouri	95	91	75	2.5	2.2	1.7
New Jersey	411	1	245	3.6	0.0	2.1
New Mexico	113	89	89	6.4	4.9	4.7
New York	0	0	0	0.0	0.0	0.0
Oklahoma	309	284	308	12.1	10.6	11.1
Pennsylvania	497	127	162	4.5	1.1	1.3
Rhode Island	51	1	2	3.6	0.1	0.1
South Carolina	146	156	162	4.7	4.6	4.6
			0			
South Dakota	40	34	2	9.7	7.6	0.5
Tennessee	228	152	100	6.7	4.1	2.6
Utah	119	52	0	7.9	3.1	0.0
West Virginia	66	14	0	4.5	0.8	0.0
States With Biennial Budgets						
Arkansas	$0	$0	$0	0.0 %	0.0 %	0.0 %
Florida	199	106	150	2.1	1.1	1.3
Hawaii	629	293	96	28.2	10.8	3.6
Indiana	690	742	530	13.8	13.5	8.8
Kentucky	48	0	60	1.4	0.0	1.5
Maine	188	61	6	12.7	4.0	0.4
Minnesota	946	825	551	15.9	12.4	7.7
Montana	67	55	20	17.5	12.7	4.5
Nebraska	340	249	109	34.5	20.0	8.2
Nevada	51	50	50	6.8	6.6	6.1
			0			
New Hampshire	34	27	30	5.9	4.5	4.8
North Carolina	158	66	0	2.5	0.9	0.0
North Dakota	65	52	23	11.9	10.1	4.5
Ohio	815	761	436	7.6	6.6	3.5
Oregon	292	223	201	15.0	10.1	8.4
Texas	156	20	42	1.2	0.1	0.3
Vermont	24	11	11	4.0	1.8	1.7
Virginia	0	39	202	0.0	0.7	3.2
Washington	516	485	294	9.0	7.8	4.5
Wisconsin	375	298	417	6.9	5.1	6.8
Wyoming	112	55	13	34.6	12.7	3.5
Total	$12,584	$8,287	$7,866	4.9 %	3.0 %	2.7 %

TABLE A-5
NOMINAL PERCENTAGE EXPENDITURE CHANGE, FISCAL 1989 TO 1990 AND FISCAL 1990 TO 1991

	Fiscal 1990	*Fiscal 1991*
States With Annual Budgets		
Alabama	-0.6 %	9.3 %
Alaska	8.0	-0.4
Arizona	8.0	10.6
California	11.6	6.3
Colorado	7.9	6.0
Connecticut	10.2	4.3
Delaware	9.1	4.8
Georgia	19.8	1.8
Idaho	21.1	7.2
Illinois	12.1	3.7
Iowa	7.3	10.1
Kansas	12.0	1.6
Louisiana	2.8	7.9
Maryland	12.3	3.3
Massachusetts	4.8	-1.6
Michigan	3.9	4.3
Mississippi	5.4	8.5
Missouri	9.7	7.6
New Jersey	2.4	-0.3
New Mexico	4.3	2.9
New York	4.9	2.6
Oklahoma	5.3	3.7
Pennsylvania	8.7	2.8
Rhode Island	5.2	3.3
South Carolina	8.7	5.3
South Dakota	8.8	8.0
Tennessee	8.8	1.9
Utah	9.5	-0.5
West Virginia	18.4	2.0
States With Biennial Budgets		
Arkansas	1.8 %	2.6 %
Florida	5.9	11.6
Hawaii	21.3	-1.0
Indiana	9.8	8.9
Kentucky	7.2	15.0
Maine	3.1	5.2
Minnesota	11.9	7.4
Montana	12.5	3.2
Nebraska	26.1	7.0
Nevada	1.6	7.6
New Hampshire	3.9	5.8
North Carolina	14.8	5.3
North Dakota	-6.0	0.0
Ohio	7.6	7.4
Oregon	13.0	8.3
Texas	9.2	8.4
Vermont	-1.5	8.4
Virginia	1.1	8.7
Washington	8.6	6.2
Wisconsin	6.6	4.8
Wyoming	33.1	-16.4
Total	8.5 %	5.1 %

TABLE A-6
FISCAL 1990 TAX COLLECTIONS COMPARED WITH PROJECTIONS USED IN FORMULATING BUDGET
($ in millions)

	Sales Tax		*Personal Income Tax*		*Corporate Tax*		*Total*
	Original Estimate	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Original Estimate*	*Current Estimate*	*Revenue Collection #*
States With Annual Budgets							
Alabama*	$822	$822	$1,296	$1,296	*	*	T
Alaska	55	60	N/A	N/A	153	165	H
Arizona	1,422	1,450	1,032	1,027	199	214	L
California	13,450	13,410	17,580	17,375	5,693	5,235	L
Colorado	706	765	1,353	1,417	160	156	T
Connecticut*	2,506	2,460	613	624	967	942	L
Delaware	N/A	N/A	524	529	95	98	H
Georgia	2,713	2,713	2,986	2,986	504	504	T
Idaho	316	379	298	317	57	67	H
Illinois	3,886	3,886	4,039	4,015	712	649	H
Iowa	726	727	1,437	1,472	252	278	T
Kansas	730	728	830	840	170	199	T
Louisiana	1,396	1,396	697	730	300	322	H
Maryland	1,632	1,594	2,814	2,872	275	270	H
Massachusetts	2,200	1,990	4,570	4,540	1,050	865	L
Michigan*	2,720	2,738	3,493	3,512	1,968	1,908	H
Mississippi	825	805	398	438	182	195	H
Missouri	1,299	1,283	2,015	2,047	304	295	L
New Jersey	3,400	3,200	3,300	3,000	1,300	1,200	L
New Mexico	729	725	350	379	67	42	T
New York	6,000	5,770	15,670	15,562	1,664	1,620	L
Oklahoma	767	782	959	1,009	104	83	H
Pennsylvania	4,300	4,216	3,349	3,349	1,194	1,196	L
Rhode Island	434	401	472	441	80	58	L
South Carolina	1,123	1,128	1,377	1,391	239	222	T
South Dakota	223	234	N/A	N/A	N/A	N/A	H
Tennessee	2,418	2,330	90	104	389	379	L
Utah	675	703	616	625	72	90	H
West Virginia	505	505	472	472	152	152	L
States With Biennial Budgets							
Arkansas	$824	$820	$809	$825	$135	$135	T
Florida	8,294	8,121	N/A	N/A	931	783	L
Hawaii	1,127	1,150	802	685	84	77	L
Indiana	2,189	2,214	2,019	2,074	776	759	L
Kentucky	1,095	1,073	1,132	1,262	330	286	T
Maine							
Minnesota	1,881	1,867	2,746	2,731	467	471	L
Montana	N/A	N/A	149	153	30	36	H
Nebraska	450	455	492	485	70	75	L
Nevada*	*	*	N/A	N/A	N/A	N/A	H
New Hampshire	N/A	N/A	N/A	N/A	150	114	L
North Carolina	1,703	1,710	3,496	3,410	788	694	L
North Dakota*	495	430	244	201	63	63	L
Ohio	3,394	3,394	3,670	3,670	930	880	T
Oregon	N/A	N/A	3,676	3,723	320	319	H
Texas	7,190	7,264	N/A	N/A	N/A	N/A	H
Vermont	151	141	248	236	45	32	L
Virginia	1,383	1,356	3,293	3,238	429	331	L
Washington*	2,725	3,021	N/A	N/A	1,001	1,087	H
Wisconsin	1,951	1,990	2,497	2,600	476	425	H
Wyoming	93	86	N/A	N/A	N/A	N/A	L

L = revenues lower than estimates; H = revenues higher than estimates; and T = revenues on target.

NOTES TO TABLE A-6

Alabama	Corporate income tax collections are reported under personal income tax.
Connecticut	Personal income tax applies to only capital gains, dividends, and interest income.
Michigan	The single business tax is reported under corporate income tax.
Nevada	No re-estimates of the sales tax have been prepared.
North Dakota	Due to referral of sales and income tax measures, overall fiscal 1990 revenues will be lower than originally projected.
Washington	Business and occupations tax collections are reported under corporate income tax.

Table A-7
PROPOSED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
PERSONAL INCOME TAX			
Arizona	Repeal federal tax subtraction and expand brackets.	1/90	$69.3
Hawaii	Change in rates, brackets, and standard deduction.	1/90	(64.0)
Kentucky	Conform to federal tax reform act and eliminate federal tax deductibility.	7/90	332.2
New York	Freeze tax cut scheduled for 1990 and 1991 and continue 1989 rates.	1/90	400.0
Oklahoma	Bracket change; increase maximum under certain method.	1/90	101.4
Vermont	Increase rate from 25% to 26.5% of federal liability.	1/90	17.2
Virginia	Delay allowance of additional withholding exemptions.	7/90	15.0
Wisconsin	Increase one-time rebate based on 1987 and 1988 property tax rent credit.	4/90	(100.0)
	Expand farmland tax credit to real property improvements.	4/90	(26.0)
SALES TAX			
Georgia	Exclude food items from 1989 one cent increase.	10/90	$(125.0)
Kentucky	Broaden base to selected business services.	7/90	82.4
Maryland	Expand base to include certain categories of food (e.g., potato chips, take-outs).	6/90	29.5
Missouri	Extend tax to newspapers per state supreme court decision.	1/90	5.0
New Mexico	Increase rate by .25 percentage.	7/90	45.0
New York	Eliminate exclusion for trade-in allowance on motor vehicles; accelerate payment on long-term auto leases, collect; collect outstanding liability upon corporate dissolution and reinstatement.	9/90	77.0
Oklahoma	Increase rate by .50 percentage.	passage	97.0
Vermont	Subject beer and wine to sales tax.	3/90	5.0
BUSINESS TAXES			
Arizona	Conform to federal definition of "foreign."	1/90	$11.7
	Repeal foreign tax credit subtraction.	1/90	3.1
	Repeal federal tax subtraction, expand brackets, lower rate.	1/90	24.5
Kentucky	Increase all rates by one percentage point.	7/90	30.2
New York	Alternative gross receipts tax base for corporate franchise tax; impose 2% tax on S corporation net income.	1/90	175.0
Vermont	Remove state tax deductions.	1/90	3.3
Virginia	Delay ACRS recovery implementation.	7/90	29.9

Table A-7 (continued)
PROPOSED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
CIGARETTE TAXES			
Arizona	Increase of 10 cents/pack.	7/90	$30.5
Florida	Increase of 19 cents/pack.	7/90	259.3
Illinois	Increase of 8 cents/pack and 20% of wholesale on other tobacco products.	7/90	80.0
Kentucky	Increase of 7 cents/pack.	7/90	37.8
New Hampshire	Increase of 4 cents/pack.	2/90	7.8
New Jersey	Increase wholesale surtax to 16.4%.	7/90	90.0
	Levy 24% wholesale surtax on other tobacco products.	7/90	10.0
New Mexico	Increase of 10 cents/pack.	7/90	9.1
New York	Increase of 5 cents/pack.	6/90	66.0
Vermont	Increase of 8 cents/pack.	3/90	5.0
MOTOR FUEL TAXES			
Alaska	Increase of 8 cents/gallon.	7/90	$34.2
New Hampshire	Increase of 2 cents/gallon.	4/90	10.0
Ohio	Increase of 2 cents/gallon.	7/90	116.0
Washington	Increase of 4 cents/gallon.	4/90	80.8
	Increase of 1 cent/gallon.	4/91	
ALCOHOLIC BEVERAGES			
Delaware	Double the tax on all alcoholic beverages.	7/90	$5.0
New Hampshire	Increase of 5 cents/gallon of beer.	4/90	1.9
New Jersey	Increase wholesale sales tax to 11.2%.	7/90	52.0
Virginia	Increase markup in state stores and implement operating budget reductions.	7/90	9.1
MISCELLANEOUS TAXES			
Alabama	Raise hazardous waste fees by $85 per ton.	passage	$55.0
Arizona	Double mining severance tax rate.	7/90	30.9
Delaware	Hospital board and treatment tax.	7/90	1.4
	Miscellaneous fees.	7/90	1.5
Hawaii	Transfer transient accommodations taxing authority to counties.	1/91	(45.0)
Illinois	Increase telecommunications excise tax.	7/91	130.0)
Maryland	Alter apportionment formula for gross receipts tax on interstate telephone revenues.	1/91	2.9
	Adjust property transfer tax so it cannot be avoided by structuring transactions through partnerships.	7/90	1.8
Massachusetts	Tax the first possessor of a hazardous material.	7/90	12.0
New Hampshire	Increase rooms and meals tax from 7% to 8%.	4/90	11.1
	Increase real estate transfer tax.	4/90	5.0
New Jersey	Gross receipts tax on petroleum products.	7/90	255.0

Table A-7 (continued)
PROPOSED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
New York	Increase certain motor vehicle registration fees and penalties.	mid-1990	12.0
	Convert to cents/gallon equivalent; impose tax on certain petroleum lubricants.	6/90	52.0
	Eliminate exclusion for local telecommunications carriers for access charges and allow deduction for charges by inter-exchange carriers.	1/90	35.0
	Disallow bank expenses associated with earning tax-exempt income.	1/90	20.0
	Impose 6% excise tax on interstate and international telecommunications.	6/90	135.0
	Eliminate tax on net insurance income and impose 2% tax on premiums only.	1/90	100.0
	Increase estate and gift tax rate by 1% and increase unified credit; close loopholes and other reforms.	4/90	43.0
	Close loopholes on real property gains tax and real property transfer tax by conforming treatment of townhouses to treatment of condominiums and taxing certain transactions that are similar to sales.	5/90	29.0
Oklahoma	Increase use tax by .50 percentage.	passage	5.0
Rhode Island	Increase various fees delay phase-out of estate and public utility tax.	passage	53.1
Vermont	Increase meals and rooms tax rate from 6% to 8%.	3/90	14.0

Table A-8
PROPOSED STATE EMPLOYMENT COMPENSATION CHANGES
FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes**
New England				
Connecticut	4.5%	—	2.5%	ATB represents 80% of classified employees who have collective bargaining agreements in place for 1990-91. Other increases are anniversary increases for good performance for all classified employees.
Maine	3.75	2.0	—	Three percent of increase effective 10/90 and 3% effective 4/91.
Massachusetts	—	—	*	On average, half of the state workforce will receive an step increase of approximately 6% in the fiscal year.
New Hampshire	5.0	—	—	
Rhode Island	4.5	—	—	Budget proposes delaying non-union increases from 7/90 until 4/91.
Vermont	—	—	—	Compensation package is currently under negotiation.
Mideast				
Delaware	4.7%	—	—	Employees at or above the maximum salary of the assigned pay grade receive 2.35%. Employees near maximum receive the greater of 2.35% or a percentage amount, which places the salary at the maximum.
Maryland	4.0	—	1.25	Other is $22.7 million classification and personnel review increase, primarily for public safety and health care employees.
New Jersey	4.0	4.0	—	ATB effective 1/13/90; merit range from 3.5-5.0% depending on employee's step within range. Those at maximum of range do not receive merit increase.
New York	5.5	*	*	Provisions for annual increments within salary ranges and longevity increases and lump sum payments for employees at maximum of salary range. Other increases of 5.5% for salary sensitive areas.
Pennsylvania	5.5	—	0.625	ATB consists of 5% effective 7/90 and 1% effective 1/91. Other is 1.25% longevity increase that takes effect 1/91.
Great Lakes				
Illinois	4.5%	*	—	Average merit increase is 6%; average step increase for collective bargaining employee is 3.6%. Budgeting is 3% and 1.8% and represents new money to finance merit increases.
Indiana	—	—	—	Not yet determined.
Michigan	4.0	—	*	Additional increase ranging from 1% for first step of pay range to 6% for last step granted for corrections officers.
Ohio	4.0	—	2.5	Employees not in the last step of pay range receive step increase of approximately 5%. The average step increase for all state employees is approximately 2.5%.
Wisconsin	—	—	—	Not yet determined.

Table A-8 (continued)
PROPOSED STATE EMPLOYMENT COMPENSATION CHANGES
FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes**
Plains				
Iowa	5.0%	1.5%	—	
Kansas	1.5	—	2.5	All employees receive a step or anniversary increase.
Minnesota	5.0	—	—	
Missouri	—	—	2.0	Increase is "within grade" and applies to 90% of state employees.
Nebraska	4.0	1.0	1.5	Increase of 4% effective 7/1/89 and 1.5% on anniversary date if satisfactory performance or 2.5% if above satisfactory.
North Dakota	—	—	—	No general increases provided for fiscal 1991.
South Dakota	3.0	0.5	1.5	
Southeast				
Alabama	5.0%	5.0%	*	Merit based on performance and ranges from 0% to 5% based on evaluation. Other is longevity pay ranging from $300 to $600.
Arkansas	3.0	2.5	—	Employees are eligible for 2.5% merit increase on anniversary date.
Florida	3.0	—	—	Increase effective 1/91.
Georgia	2.5	4.2	—	ATB portion has $450 minimum.
Kentucky	5.0	—	—	In addition, $15 million recommended for statewide salary improvement fund for equity, recruitment and retention problems.
Louisiana	—	4.0	—	Approximately 10% of workforce is at top of pay scale and do not qualify for further merit increases.
Mississippi	*	*	—	Employees earning less than $25,000 receive 7% ATB or $1,200, whichever is greater; those earning above $25,000 eligible for merit increase averaging 7%.
North Carolina	4.0	2.0	—	Merit increase is average of all employees under performance pay plan. Maximum merit increase is 6%.
South Carolina	2.0	*	—	Merit is on anniversary date, insuring equal distribution throughout the year; a 1.0% increase results in a 0.5% payout.
Tennessee	6.0	—	—	A $1,000 increase or one-step increase — whichever is greater — will average 6%.
Virginia	5.06	—	—	ATB of 3% effective 1/90; 2% effective 12/90.
West Virginia	—	—	—	No increases recommended.
Southwest				
Arizona	3.0%	0.75%	0.25%	Merit is one-time non-base adjustment for meritorious performance; other is for classification and market inequity adjustments.
New Mexico	—	—	5.5	Proposed increase will be based on pay grade study results.
Oklahoma	5.0	0.25	—	Merit increase of 2.5% affects 10% of workforce.

Table A-8 (continued)
PROPOSED STATE EMPLOYMENT COMPENSATION CHANGES
FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes**
Texas	—	—	—	
Rocky Mountain				
Colorado	2.16%	—	*	Individual classes of employees receive grade adjustment in 2.5% increments. Average per employee is 2.16%. Also, 5% anniversary step increase for eligible employees. About 40% of classified employees eligible for step increase each year.
Idaho	—	5.0	0.8	Other consists of an enhanced benefits package.
Montana	2.5	—	—	Employees receive 2.5% or $560/year, whichever is greater, plus additional insurance contribution of $240/year.
Utah	4.0	—	1.0	
Wyoming	—	3.0	—	Proposed increase is approximate.
Far West				
California	3.9%	—	—	Increases based on Consumer Price Index and current rate is an estimate subject to change. Increase will be in 3% to 5% range.
Nevada	*	*	—	ATB will vary from 0% to 5% depending on 1990 ending fund balance. All employees except those at top of range receive 5% merit increase that equates to 2.5% actual increase to the state.
Oregon	4.5	5.0	1.0	Merit adjustments are not funded by legislature. Costs of annual adjustments within salary range are covered by vacancy/turnover savings. Other refers to implementation of revised classification system based on job value studies.
Washington	6.0	—	1.0	Other is estimated impact of comparable worth increases. Classified employees are also eligible for 5% increase for each of first five years in a job class. ATB increase effective 1/91.
Alaska	—	3.0	—	Negotiations continuing with all major employee bargaining units.
Hawaii	*	—	—	Increase will be in 2% to 5% range.

A7955-14 10/90

FISCAL SURVEY of the STATES

September 1990

NATIONAL GOVERNORS' ASSOCIATION • NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS

THE NATIONAL GOVERNORS' ASSOCIATION, founded in 1908 as the National Governors' Conference, is the instrument through which the nation's Governors collectively influence the development and implementation of national policy and apply creative leadership to state issues. The association's members are the Governors of the fifty states, the commonwealths of the Northern Mariana Islands and Puerto Rico, and the territories of American Samoa, Guam, and the Virgin Islands. The association has seven standing committees on major issues: Agriculture and Rural Development, Economic Development and Technological Innovation, Energy and Environment, Human Resources, International Trade and Foreign Relations, Justice and Public Safety, and Transportation, Commerce, and Communications.

1990-91 Executive Committee
Governor Booth Gardner, Washington, Chairman
Governor John Ashcroft, Missouri, Vice Chairman
Governor Bill Clinton, Arkansas
Governor Michael Castle, Delaware
Governor Bob Martinez, Florida
Governor Terry Branstad, Iowa
Governor James J. Blanchard, Michigan
Governor Carroll A. Campbell Jr., South Carolina
Governor Michael Sullivan, Wyoming

Raymond C. Scheppach, Executive Director

THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS, founded in 1945, is the principal organization for the professional development of its members; for improving the capabilities of staff and information available to state budget officers; and for development of the national fiscal and executive management policies of the National Governors' Association. It is a self-governing affiliate of the National Governors' Association. The National Association of State Budget Officers is composed of the heads of state finance departments, the states' chief budget officers, and their deputies. All other state budget office staff are associate members. Association membership is organized into four standing committees: Health, Human Services, and Justice; Financial Management, Systems, and Data Reporting; Tax, Commerce, Physical Resources, and Transportation; and Training, Education, and Human Resources Management.

1990-91 Executive Committee
Paul Timmreck, Virginia, President
Dale Hatch, Utah, President-Elect
Jon Yunker, Oregon, Past President
Preston Cantrell, South Carolina, Member-at-Large
Charles Rowe, Alabama, Member-at-Large
Stephen Richman, New York, Eastern Regional Director
Sheila Beckett, Texas, Southern Regional Director
Lee Walker, Ohio, Midwestern Regional Director
Len McComb, Washington, Western Regional Director
Patricia Woodworth, Florida, Health, Human Services, and Justice
Dennis Parkinson, Maryland, Financial Management, Systems, and Data Reporting
Michael O'Keefe, Kansas, Tax, Commerce, Physical Resources, and Transportation
Patrick Cavanaugh, Iowa, Training, Education, and Human Resources Management
Brian Roherty, Minnesota, Capital Budgeting and Financing
Tony Moulton, Missouri, Application of Performance Measures

Gerald H. Miller, Executive Director

Fiscal Survey of the States

September 1990

by

Marcia A. Howard

National Governors' Association
National Association of State Budget Officers

ISSN 0198-6562
ISBN 1-55877-077-1

September 1990

Copyright 1990 by the National Governors' Association and the National Association of State Budget Officers. All rights reserved.

National Governors' Association
444 North Capitol Street
Suite 250
Washington, DC 20001-1572
(202) 624-5300

National Association of State Budget Officers
400 North Capitol Street
Suite 295
Washington, DC 20001-1572
(202) 624-5382

Price: $20.00

Table of Contents

		Page
PREFACE		vii
EXECUTIVE SUMMARY		ix
I.	STATE EXPENDITURE DEVELOPMENTS	1
	Overview	1
	Biennial Budgets	2
	Budget Management	3
	Other Expenditure Issues	5
II.	STATE REVENUE DEVELOPMENTS	9
	Overview	9
	Revenue Collections for Fiscal 1990	9
	Fiscal 1991 Tax Changes	9
	Sales Tax	10
	Personal Income Tax	10
	Corporate Income Tax	10
	Cigarette and Tobacco Taxes	12
	Motor Fuel Taxes	12
	Alcohol Taxes	12
	Miscellaneous Taxes	12
III.	YEAR-END BALANCES	13
IV.	REGIONAL FISCAL OUTLOOK	17
	Overview	17
	New England	17
	Mideast	18
	Great Lakes	18
	Plains	18
	Southeast	18
	Southwest	18
	Rocky Mountain	19
	Far West	19
APPENDIX		21

Page

TABLES

1. State Nominal and Real Annual Budget Increases, Fiscal 1979 to Fiscal 1991 1
2. Annual State General Fund Expenditure Increases, Fiscal 1990 and Fiscal 1991 2
3. State Budget Cuts Adopted in Fiscal 1990 After the Appropriations Bill Passed 4
4. Enacted Cost-of-Living Increases for Aid to Families with Dependent Children, Fiscal 1991 6
5. Enacted New Spending or Tax Programs to Aid General Purpose Local Government, Fiscal 1991 7
6. State Revenue Increases, Fiscal 1978 to Fiscal 1991 10
7. Summary of Fiscal 1991 Revenue Increases by Type of Revenue and Net Increase or Decrease 11
8. Size of Total Year-End Balances, Fiscal 1978 to Fiscal 1991 13
9. Total Year-End Balances as a Percent of Expenditures, Fiscal 1989 to Fiscal 1991 15
10. Regional Budget and Economic Indicators 17

FIGURES

1. Nominal Expenditure Growth in Fiscal 1991 State Budgets 2
2. Total Year-End Balances as a Percent of Expenditures, Fiscal 1990 14
3. Total Year-End Balances as a Percent of Expenditures, Fiscal 1991 15
4. Size of Total Year-End Balances, Fiscal 1980 to Fiscal 1991 16

APPENDIX TABLES

A-1. Fiscal 1989 State General Fund, Actual 23
A-2. Fiscal 1990 State General Fund, Preliminary Actual 25
A-3. Fiscal 1991 State General Fund, Appropriated 27
A-4. Total Balances as a Percent of Expenditures, Fiscal 1989 to Fiscal 1991 30
A-5 Nominal Percentage Expenditure Change, Fiscal 1990 and Fiscal 1991 32
A-6. Tax Collections Compared with Projections Used in Adopting Fiscal 1990 Budget 33
A-7. Enacted 1991 Tax Changes by Type of Tax 35
A-8. Enacted State Employment Compensation Changes, Fiscal 1991 41
A-9. Fiscal 1990 Medicaid Expenditures Compared with Original Estimates 44

Preface

The Fiscal Survey of the States is published twice annually by the National Association of State Budget Officers (NASBO) and the National Governors' Association (NGA). The series was started in 1977. The survey presents aggregate and individual data on the states' general fund receipts, expenditures, and balances. While not the totality of state spending, these funds are used to finance most broad-based state services and are the most important elements in determining the fiscal health of the states. A separate survey that includes total state spending also is conducted annually.

The field survey on which this report is based was conducted by the National Association of State Budget Officers in July, August, and September 1990. The surveys were completed by Governors' state budget officers in the fifty states.

Fiscal 1989 data represent actual figures, fiscal 1990 figures are preliminary actual data, and fiscal 1991 data are figures contained in appropriated 1991 budgets. In forty-six states, fiscal 1990 closed on June 30, 1990. New York's fiscal year ended March 31, 1990. Texas' fiscal year ended on August 31, 1990, and Alabama and Michigan will close their fiscal years on September 30, 1990.

The Fiscal Survey of the States is a cooperative effort of the National Association of State Budget Officers and the National Governors' Association. Marcia Howard of the National Association of State Budget Officers compiled data for the report and prepared the text. Laura Shaw produced the report, and Gerald Miller provided technical support. Karen Glass of the National Governors' Association edited the report.

Executive Summary

The decline in state fiscal conditions experienced in the eastern United States over a year ago has begun to be reflected in other regions of the country. Several developments illustrate the spread of fiscal difficulty from east to west, including an increase in the number of states cutting enacted budgets in fiscal 1990, an increase in the number reporting tax collections below original estimates, and an increase in the number reducing their balances. In fact, there is no evidence to suggest that state fiscal conditions in 1991 will represent an improvement over fiscal 1990.

Forty-nine states operate with balanced budget requirements and, therefore, they generally respond quickly to potential imbalances. Twenty states and the District of Columbia reduced enacted budgets in fiscal 1990. In addition, several states took other actions--such as borrowing from internal funds or delaying payments--in order to balance their fiscal 1990 budgets. Indeed, more than half of the states would have ended fiscal 1990 with a deficit had they not addressed the imbalances that developed after their budgets were enacted.

For the most part, imbalances were created by poor revenue performance. More than half the states reported that revenue collections for fiscal 1990 were lower than the estimates used when the budget was adopted. Strong regional patterns have developed in revenue collections, with the western states showing the strongest revenue growth and the northeastern states showing the weakest.

Thirty-three states spent more than they collected in tax revenue in fiscal 1990, and thirty-four expect to spend more than they collect in fiscal 1991. While a few states actually ended fiscal 1990 with a deficit, most were able to access accumulated balances to finance their additional spending. As a result, state ending balances declined from $12.5 billion in fiscal 1989 to $9.1 billion in fiscal 1990, an alarming one-year reduction of more than 25 percent. Balances are estimated to decline even further in fiscal 1991, to $7.4 billion. This portends significant problems for states in fiscal 1992.

Other major findings of this survey include:

- Twenty-six states increased net revenues during their 1990 legislative sessions. Over $10.3 billion in new revenue will result from these changes. The personal income tax is the largest source of new revenue.
- The corporate income tax was the weakest of the three major sources of state tax revenue in fiscal 1990, with thirty-three of forty-two states reporting collections below estimates.
- Twenty-four states and the District of Columbia increased benefits for recipients of Aid to Families with Dependent Children in fiscal 1991.
- States spent more than $660 million above their original Medicaid estimates for fiscal 1990.
- Ending balances in fiscal 1991 are estimated at $7.4 billion, or 2.5 percent of expenditures. This constitutes the lowest level of balances since 1983.

State fiscal conditions for fiscal 1991 are based on budgets that assume slow, but positive, growth. They do not anticipate a recession. If a recession were to occur, states would be in substantially worse condition than the data in this report indicate.

I. State Expenditure Developments

Overview

In the face of declining economies, states have entered fiscal 1991 with scaled back spending plans. A 6.5 percent increase in appropriated state spending for fiscal 1991 represents the second lowest rate of spending growth since 1983, as shown in Table 1. Fiscal 1990 spending growth was 7.7 percent, much of it financed from balances accumulated during the stronger economic environment of fiscal 1988 and fiscal 1989.

Table 1
STATE NOMINAL AND REAL ANNUAL BUDGET INCREASES, FISCAL 1979 TO FISCAL 1991

	State General Fund	
Fiscal Year	*Nominal Increase (est.)*	*Real Increase*
1991	6.5% (est.)	1.0% (est.)
1990	7.7 (est.)	2.6 (est.)
1989	8.7	3.5
1988	7.0	2.9
1987	6.3	2.6
1986	8.9	3.7
1985	10.2	4.6
1984	8.0	3.3
1983	-0.7	-6.3
1982	6.4	-1.1
1981	16.3	6.1
1980	10.0	-0.6
1979	10.1	1.5
1979-91 average	**8.1%**	**1.8%**

NOTE: The state and local government implicit price deflator was used for state expenditures in determining real changes.

SOURCE: National Association of State Budget Officers

Appropriated budgets for fiscal 1991 total nearly the same amount as Governors' recommended budgets. Recommended spending for fiscal 1991, as reported in March 1990, totaled $292.3 billion and appropriated budgets totaled $297.5 billion. (Massachusetts increased its reporting base by about $5.0 billion. This accounts for most of the difference between recommended and appropriated budgets.) This is a departure from the past few years, when strong state economies allowed state legislatures to enhance Governors' spending proposals.

In fiscal 1990 forty states had spending growth of 5.0 percent or more. In fiscal 1991 the number of states in this category has declined to thirty-one. As Table 2 shows, the most dramatic change in state spending appears in the number of states with spending growth between 0.0 percent and 5.0 percent. This number has increased from eight in fiscal 1989 to nineteen in fiscal 1991. For these nineteen states, fiscal 1991 budgets may not even keep up with inflation.

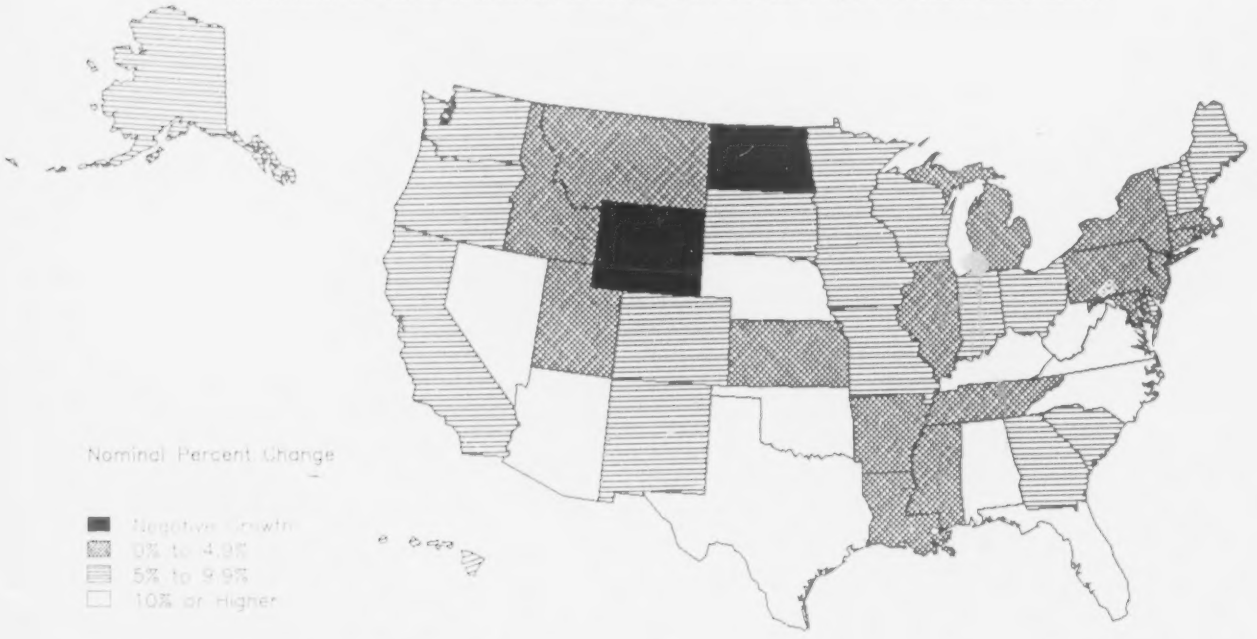
Table 2
ANNUAL STATE GENERAL FUND EXPENDITURE INCREASES, FISCAL 1990 AND FISCAL 1991

	Number of States	
Spending Growth (percentage)	*Fiscal 1990 (Estimates)*	*Fiscal 1991 (Appropriated)*
Negative Growth	3	2
0.0% to 4.9%	7	17
5.0% to 9.9%	24	20
10% or Higher	16	11
Average Growth Rate	**7.7%**	**6.5%**

SOURCE: National Association of State Budget Officers

Regional variations in state spending growth for fiscal 1991 are illustrated in Figure 1. In general, the New England, Mid-Atlantic, Great Lakes, Plains, and Southeast regions have felt or have begun to feel the impact of a slowing national economy. The enacted budgets in many of these states reflect the slow growth they have been experiencing.

Figure 1
NOMINAL EXPENDITURE GROWTH IN FISCAL 1991 STATE BUDGETS



SOURCE: National Association of State Budget Officers

Biennial Budgets

Twenty-one states have biennial budgets: Arkansas, Florida, Hawaii, Indiana, Kentucky, Maine, Minnesota, Montana, Nebraska, Nevada, New Hampshire, North Carolina, North Dakota, Ohio, Oregon, Texas, Vermont, Virginia, Washington, Wisconsin, and Wyoming. For these states year-to-year spending comparisons can be difficult. Virginia provides a good example. The 1989-90 biennium was

drawing to a close when the state economy began to slow down. The next biennial budget was already enacted. Budget cuts made at the end of the 1989-90 biennium reduced spending growth in fiscal 1990, while spending for fiscal 1991 is high because no adjustments have yet been made to the new biennial budget (though reductions have been recommended by the Governor). Spending increases for individual states in fiscal 1990 and fiscal 1991 are listed in Appendix Table A-5.

Budget Management

The art of budget management was well tested in fiscal 1990 and will continue to be tested in fiscal 1991. The decline in state fiscal conditions occurred quickly. In fiscal 1989 only eight states had to cut enacted budgets. In fiscal 1990 twenty states and the District of Columbia had to reduce enacted budgets. These reductions are listed in Table 3. Already in fiscal 1991, only a few months into most states' fiscal year, some states have announced budget reductions because of the continued and spreading weakness in the national economy. This number is certain to grow as the year progresses.

Budget cuts enacted in fiscal 1990 totaled more than $2.7 billion, compared with less than $1.0 billion in cuts in fiscal 1989. Also, while fiscal 1989 cuts were centered in northeastern states, fiscal 1990 cuts were more geographically diversified, reflecting the spread of fiscal weakness from east to west.

In addition to cutting enacted budgets, eighteen states and the District of Columbia report that they took other types of actions to balance their fiscal 1990 budgets. Those actions are described below.

Alabama: Transferred $2.7 million from the general liability trust fund to provide the state match for Federal Emergency Management Assistance (FEMA) disasters; and voted three bond issues ($20.0 million general obligation, $16.0 million public school and college authority, and $20.0 million highway) to match FEMA for the same disasters.

Arizona: Rolled the last state aid for education payment of $100.0 million into fiscal 1991.

California: Postponed Medi-Cal payments until fiscal 1991 ($48.0 million general fund); gained authority to transfer (if necessary) all or part of money not needed in special funds to the general fund, as determined by the Pooled Money Investment Board; and postponed payment of the state share of the University of California retirement system ($56.0 million).

Connecticut: Borrowed approximately $260.0 million on short-term credit line.

District of Columbia: Deferred 2.0 percent pay increase for nonunion employees; imposed a hiring freeze in most agencies under the mayor's control; and restricted spending on uncommitted balances in nonpersonal services budgets for mayoral and independent agencies.

Florida: Limited certain expenditures.

Maine: Delayed implementation of health insurance for low-income persons; and delayed implementation of homestead exemption program.

Massachusetts: Will borrow (through the bond market) between $1.2 billion and $1.3 billion to redress its fiscal 1990 budget shortfall.

New Jersey: Delayed payment of $144.0 million to municipalities, including May and June payments of the utility tax, business personal property tax, and payments in lieu of taxes.

New York: Issued tax and revenue anticipation notes of $775.0 million; transferred excess balances totaling $350.0 million from several state funds to the general fund to offset revenue shortfalls; and postponed $70.0 million in scheduled fiscal 1990 expenditures.

Table 3
STATE BUDGET CUTS ADOPTED IN FISCAL 1990 AFTER THE APPROPRIATIONS BILL PASSED

State	*Amount (in mil.)*	*Date(s) Enacted*	*Notes*
Arizona	$11.3	11/89	Exempted K-12 education.
California	N/A	5/90	Reduction achieved through reduced travel and overtime, and by not filling vacant positions.
Connecticut	28.0	1/90	Included only agency operating budgets.
District of Columbia	65.0	5,7/90	Exempted police and contributions to teacher, police officer, and firefighter retirement funds.
Florida	279.8	11/89	Most agencies requested reductions in the areas addressed by the Administration Commission's resolutions (i.e., salary lapse increase and reductions in expenses and equipment categories).
Hawaii	8.0	7/89	Exempts local aid, K-12 education, debt service, unemployment insurance, workers' compensation.
Kansas	54.8	5/90	Exempted Public Disclosure Commission. Savings were reapportioned.
Maine	43.0	3/90	Exempted bonded debt and retirement.
Massachusetts	638.0	7/89, 1/90	Exempted AFDC, general relief, SSI, and emergency assistance, as well as employment and training.
Michigan	187.6	7/90	Excluded higher education, judiciary, mental health, military affairs, school aid, and transportation.
Minnesota	178.0	4/90	No programs were exempted from the reduction process.
Missouri	7.3	10/89	Exempted K-12 education, higher education, Medicaid, AFDC, certain mental health programs.
New Jersey	405.0	12/89	Exempted direct care personnel in corrections, mental hospitals, and institutions for the developmentally disabled.
New York	465.0	11/89,3/90	Reduced school aid payments by $330 million as a result of equivalent reduction in required local pension contributions; balance ($335 million) reflects 2% reduction in state agencies.
North Dakota	90.0	12/89	Reduction is on a biennial basis.
Rhode Island	31.2	various	
Tennessee	54.0	3/90	Exempted Medicaid.
Texas	59.5	6/90	Applied to debt service, legislative agencies, Governor's office, statewide accounting, and probation.
Vermont	13.4	various	Exempted debt service, human service entitlement programs, corrections (partial), and other minor hold harmless programs.
Virginia	95.1	9/90	Exempted aid to individuals, aid to local governments, debt service, and essential services.
West Virginia	42.0	11/89	Exempted debt service.

SOURCE: National Association of State Budget Officers

North Carolina: Delayed capital improvements of $95.2 million; changed payroll date by executive order from June 30 to July 2, 1990; and reduced allotments for all state agencies to save $343.3 million.

Ohio: Imposed a modified hiring freeze.

Pennsylvania: Shifted fourth-quarter payment of $135.3 million to the Public School Employees Retirement Fund from an encumbrance to a cash basis; curtailed expenditures of $3.0 million for automobiles and $4.0 million for automated technology; and received refund billings of $1.0 million for data network and central computer system.

Rhode Island: Accelerated loan repayments of $6.8 million from the turnpike and bridge authority; recovered $6.3 million of restricted funds; closed Auto Replacement Fund and transferred $0.7 million to general fund; and reallocated $5.0 million from the Affordable Housing Fund to the general fund.

South Carolina: Borrowed $31.35 million by means of a one-year note to finance obligations incurred from Hurricane Hugo. General Assembly intends to repay note in full in fiscal 1991 with capital reserve funds.

Tennessee: Transferred $113.0 million reserve to general fund; bonded or cancelled $61.0 million in capital projects; transferred $23.0 million from debt service fund; and reserved $65.0 million to fund fiscal 1991 one-time appropriations.

Vermont: Transferred $9.3 million from special funds; postponed $3.0 million in Medicaid payments.

Virginia: Deferred $89.1 million in capital projects funded by lottery receipts; and used $45.0 million from lottery funds to pay teacher retirement.

Wyoming: Appropriated $58.0 million from the budget stabilization account during the 1989-90 biennium.

When added to the list of states reducing enacted budgets, this list reveals the fundamental weakness in many state budgets. More than half of the states would have ended fiscal 1990 with a deficit had they not taken action to correct budget imbalances.

Other Expenditure Issues

In recent years there has been an increased focus on particular programs within state budgets. In particular, states have expressed concern about spending in the Medicaid program. Moreover, Aid to Families with Dependent Children (AFDC), aid to local government, and employee compensation increases have been important areas in which to monitor state spending trends.

Aid to Families with Dependent Children. Twenty-four states and the District of Columbia increased benefits in their AFDC programs for fiscal 1991, though in only nineteen states did Governors actually recommend such increases. The size of these increases varies widely (see Table 4). In fiscal 1990 twenty-nine states enacted cost-of-living increases for AFDC recipients. AFDC increases will continue to be a sensitive area as states face increased spending pressures with fewer resources.

Aid to Local Government. As state budgets decline, programs to aid local government usually are assumed to be among the first programs cut. This assumption has not been borne out in the current slowdown. New programs to aid general purpose local governments are prevalent in fiscal 1991 and are listed in Table 5. Many of the new programs involve earmarking a portion of a state revenue source for local distribution or granting taxing authority to local governments. In addition to the types of aid listed in Table 5, many states have increased funding for schools districts.

Table 4
ENACTED COST-OF-LIVING INCREASES FOR AID TO FAMILIES WITH DEPENDENT CHILDREN, FISCAL 1991

State	*Enacted 1991*	*State*	*Enacted 1991*
Alabama	5.0%	New Hampshire	2.0%
Alaska	7.2	New Mexico	25.0
Arizona	*	North Dakota	4.0
Connecticut	4.8	Oklahoma	5.0
Delaware	1.3	Oregon	17.4
District of Columbia	4.7	Rhode Island*	2.0
Georgia	18.9	South Carolina*	3.0
Idaho	3.5	South Dakota	2.0
Iowa	4.0	Tennessee	6.4
Maine	*	Utah*	4.0
Maryland	2.5	Vermont	3.0
Missouri	1.0	Wyoming*	15.0
Montana	4.8		

NOTES:

Arizona	Increase of 8-9 percent effective June 1991.
Maine	Standard of need increased by 3 percent.
Rhode Island	Effective August 1990.
South Carolina	The General Assembly passed a 3 percent increase, but the Governor vetoed a provision allowing carry-forward dollars to fund part of the increase. Thus, the effective increase is 2 percent.
Utah	Increase by executive order after the general session, with legislative leadership agreeing in principle.
Wyoming	Increase includes welfare reform.

SOURCE: National Association of State Budget Officers

Employee Compensation Increases. Appendix Table A-8 lists approved employee compensation increases for fiscal 1991. The table shows that pay increases generally have not been eliminated in response to budget shortfalls, though some increases have been postponed. Most increases fall in the 4.0 to 6.0 percent range.

Medicaid Spending. Over the last few years Medicaid has grown faster than any other major state spending program. Much of this growth results from expansions to the program that were initiated at the federal level but require state spending increases. Examples include provisions under welfare reform legislation, catastrophic care legislation, and nursing home reform legislation. These expansions are estimated to cost states $2.5 billion in fiscal 1991.

To some extent, the growth in state spending within a fiscal year has stemmed from states' inability to accurately forecast Medicaid spending. Original estimates for Medicaid spending in fiscal 1990 and final estimates (or, in many cases, actual expenditures) for the year are listed for each state in Appendix Table A-9. For fiscal 1990, states spent $662.0 million more on Medicaid than they originally budgeted for the program. Thirty-one states spent more than they estimated for this program. Overspending is important because it reveals the difficulty states may face in holding down expenditures.

Table 5
ENACTED NEW SPENDING OR TAX PROGRAMS TO AID GENERAL PURPOSE LOCAL GOVERNMENT, FISCAL 1991

California	Legislation was enacted to authorize counties to establish business license and utility taxes, resulting in up to $300.0 million in new revenues. Legislation also was enacted to allow counties to charge fees for nonjurisdictional criminal bookings and for property tax administration, yielding approximately $255.0 million in revenue to counties with corresponding reductions in revenues to cities and other entities.
Delaware	Will contribute $4.0 million to counties as state share in support of statewide paramedic program and increase aid to local law enforcement by $0.5 million.
Florida	An additional $3.0 million is appropriated annually to be shared with certain small communities to supplement distributions under the half-cent sales tax distribution program for local governments.
Hawaii	Transferred 95.0 percent of the transient accommodations tax to the counties and provided financial support for the mass transit system for Honolulu city and county and for public transportation systems for the other counties.
Idaho	One-time appropriations of $16.0 million for local road projects, $6.0 million for juvenile detention facilities, and $6.0 million for water and sewer projects.
Maryland	State assumed operation of the Community College of Baltimore at a cost of $6.0 million and provided $1.0 million in police aid for municipalities.
Missouri	State appropriation of $75,000 to reimburse counties with certain mental health facilities for the costs of additional clerical staff for the public administrator when caseloads reach a certain level. State is providing $4.7 million in fiscal 1991 to four projects supporting new or existing sports complex projects. Additional funding (estimated at $148,622 in fiscal 1991) for maintenance and repair of publicly owned airports will be provided by a nine-cent tax on aviation fuel deposited into the Aviation Trust Fund. Other appropriations: Department of Natural Resources staff to work with local emergency planning committees on Poplar Bluff land conveyance ($91,407); testing drinking water ($776,078); drought relief and Clarence County Dam Water district ($680,000); aid to local soil water conservation districts ($500,000); rural community economic development grants ($150,000); and aid for local renewal plans under the Main Street program for small communities ($195,000).
New Jersey	Several new provisions have been passed to take effect in fiscal 1992.
New York	Medicaid cost containment package ($162.0 million); 21st Century Environmental Bond Act ($962.0 million); savings from pension reform ($480.0 million); increased support for preschool handicapped education program ($13.0 million); sales tax base broadeners ($65.0 million); elimination of duplicative teacher examination process in New York City ($6.4 million); municipal cost-effectiveness grants program ($250,000); and office of mandate review ($125,000).
North Dakota	The budget for the 1989-91 biennium (fiscal 1990 and 1991) includes 60.0 percent of one-cent sales tax for distribution to political subdivisions. This would amount to about $27.0 million in each year of the biennium but was cut by $1.0 million per year as a result of referral of sales and income tax measures in December 1989.
Ohio	Increased percentage of designated taxes to local government revenue assistance fund by 0.3 percent or approximately $1.7 million per year.

Table 5 (continued)
ENACTED NEW SPENDING OR TAX PROGRAMS TO AID GENERAL PURPOSE LOCAL GOVERNMENT, FISCAL 1991

South Carolina	A local option one-cent sales tax with property tax roll-back requirement is on the November ballot.
Tennessee	Will provide $7.0 million for local bridge program through a 70 percent/30 percent state-local match.
Virginia	Tax compliance efforts (thirty additional auditors) will generate state and local audit revenues. Recordation tax receipts will be returned to localities ($20.0 million).
Washington	Increase in transportation tax distributions ($22.0 million); one-time liquor profits distribution ($7.5 million); aid for criminal justice ($60.0 million); additional taxing authority for criminal justice ($40.0 million); additional taxing authority for conservation ($20.0 million).
Wisconsin	Will pick up some costs of public health agencies ($1.0 million per year); grants for local recycling programs ($18.5 million); revolving loan fund for municipal wastewater treatment facilities; increased funding for school district capital debt ($16.4 million).

SOURCE: National Association of State Budget Officers

II. State Revenue Developments

Overview

Poor revenue performance was the primary cause of budget imbalances in fiscal 1990. In sharp contrast to fiscal 1989, when the majority of states collected higher revenues than they had anticipated, in fiscal 1990 more than half the states collected less revenue than they anticipated.

Revenue growth for fiscal 1990 was 5.4 percent, and for fiscal 1991 state revenues are estimated to grow by 7.1 percent. This rate of growth for fiscal 1991 is lower than would be expected given the number of revenue increases that the rate incorporates. More than $10.3 billion in new revenues have been added for fiscal 1991. Without these revenues, state revenue growth would be less than 5.0 percent.

Revenue Collections for Fiscal 1990

Twenty-seven states and the District of Columbia collected less revenue in fiscal 1990 than they anticipated. These collections, presented in Appendix Table A-6, reveal strong regional trends.

Of the seventeen states reporting collections above original estimates, ten are in the three western regions of the country. Only three of the fifteen states in these regions (California, Colorado, and Hawaii) collected less than they anticipated. In contrast, only two of the sixteen states that lie in the three northeastern regions (Michigan and Wisconsin) have collected more than they anticipated.

What does this mean? While generalizations are difficult, the slowdown in the national economy has been moving from east to west. The first states hit were those in New England, where tight fiscal conditions have been predominant for more than eighteen months. The Mid-Atlantic states followed in fiscal 1990, along with some states in the Great Lakes and Southeast regions. It appears likely that these three regions will feel more strongly the effects of the slowdown in fiscal 1991, as will the Plains. For now, the western United States offers the country's only bright revenue picture.

Collection data are reported for three tax sources--sales taxes, personal income taxes, and corporate income taxes--and corporate collections are definitely the weakest. Thirty-three of forty-five states report collections below original estimates. For sales taxes, twenty-three of forty-five states report collections below estimates. Twenty of forty-two report low collections for personal income taxes.

Fiscal 1991 Tax Changes

Fiscal 1991 tax increases total $10.3 billion, the largest single-year increase ever recorded. Table 6 lists the size of annual tax increases. No year has exceeded the current year in the magnitude of its tax increase, though fiscal 1983 increases were greater as a percent of total revenues.

Since the northeastern regions of the country were the first to fall on hard times, they also are the first to have exhausted budget reduction strategies and to resort to revenue increases in order to maintain balanced budgets. Three northeastern states--Massachusetts, New Jersey, and New York--account for almost half of the fiscal 1991 tax increase.

Other than to address general fiscal difficulty, a number of states increased taxes to fund significant reform in their education funding formulas. They include Kentucky, Nebraska, New Jersey, Oklahoma, and Texas. Some of these reforms were made in response to court rulings and some were in anticipation of them. Table 7 lists revenue increases and decreases in individual states. Further detail on specific actions taken and changes to tax bases are included in Appendix Table A-7.

A total of thirty-three states enacted tax changes for fiscal 1991, with twenty-six states increasing net revenues and seven reducing them. This compares with thirty-eight states enacting tax changes for fiscal 1990 (thirty increases and eight decreases). While fewer states increased revenues in fiscal 1991 than in

fiscal 1990, the fiscal 1991 increases will raise more than twice the revenue--$10.3 billion compared with $4.9 billion.

Table 6
STATE REVENUE INCREASES, FISCAL 1978 TO FISCAL 1991

Fiscal Year	*Revenue Increase ($ in billions)*	*Fiscal Year*	*Revenue Increase ($ in billions)*
1991	$10.3	1984	$10.1
1990	4.9	1983	3.5
1989	0.8	1982	3.8
1988	6.0	1981	0.4
1987	0.6	1980	-2.0
1986	-1.1	1979	-2.3
1985	0.9	1978	0.5

SOURCES: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism, 1985-86 Edition*, page 77, based on data from the Tax Foundation and the National Conference of State Legislatures. Fiscal 1988, 1989, 1990, and 1991 data provided by the National Association of State Budget Officers.

Sales Tax

The sales tax is the second largest source of tax increases for fiscal 1991. It accounts for roughly $2.5 billion, or 24.1 percent, of total new revenues. Fifteen states have increased sales tax revenues and four have decreased them.

Seven states (Kentucky, Nebraska, New Jersey, New Mexico, Oklahoma, Rhode Island, and Texas) increased their sales tax rates, and Massachusetts significantly broadened its sales tax base. The single largest sales tax increase came in New Jersey, where a full percentage point increase and other changes will generate over $1.3 billion in fiscal 1991.

In addition to tax rate and tax base increases, other sources of increased sales tax revenue will come from removing exemptions and speeding up payments. The latter will result in one-time--not ongoing--revenue gains.

Personal Income Tax

Thirteen states have enacted net increases in their personal income taxes, and four states have enacted decreases. The net impact of these changes will be to increase fiscal 1991 revenue by over $2.9 billion, the largest increase in any single tax source. More than half of this increase is accounted for by New Jersey, where top income tax rates were doubled to help finance education funding reform and by Massachusetts, where a surtax on the top rate remains in effect. Other significant increases were enacted in Kentucky ($432.0 million), where the state conformed to the federal tax code, and in New York ($404.0 million), where a planned reduction in tax rates was postponed.

Corporate Income Tax

Only five recommended budgets included corporate tax increases for fiscal 1991, but enacted budgets in thirteen states include them. Two states enacted small reductions in corporate income taxes. The net effect of these changes will be to increase state revenues by $1.4 billion. The vast majority of the increase comes from New York ($611.0 million) and California ($525.0 million).

Table 7

SUMMARY OF FISCAL 1991 REVENUE INCREASES BY TYPE OF REVENUE AND NET INCREASE OR DECREASE

($ in millions)

State	Sales	Personal Income	Corporate Income	Cigarette/ Tobacco	Motor Fuels	Alcohol	Others	Total
Alabama							47.0	47.0
Alaska								0.0
Arizona	6.2	118.7	30.9	9.5			53.7	219.0
Arkansas								0.0
California		79.0	525.0		760.0		183.0	1,547.0
Colorado								0.0
Connecticut		10.5						10.5
Delaware				5.5	6.0	5.7	3.7	20.9
Florida	99.8		-6.8	118.2	187.6	132.2	398.8	929.8
Georgia								0.0
Hawaii	-2.0	-64.0						-66.0
Idaho	-1.0							-1.0
Illinois								0.0
Indiana			-1.5					-1.5
Iowa		-7.1						-7.1
Kansas								0.0
Kentucky	187.0	432.0	30.0				33.0	682.0
Louisiana	11.0			14.0			80.0	105.0
Maine				3.4				3.4
Maryland								0.0
Massachusetts	192.6	742.1	50.0		177.4			1,162.1
Michigan								0.0
Minnesota		-4.7	4.6					-0.1
Mississippi								0.0
Missouri	-58.5							-58.5
Montana								0.0
Nebraska	108.9	75.8					6.9	191.6
Nevada								0.0
New Hampshire			2.0	2.0	10.0	0.5	16.1	30.6
New Jersey	1,305.0	732.0		103.0		-25.0	150.0	2,265.0
New Mexico	45.7							45.7
New York	134.0	404.0	611.0	78.0		49.0	401.0	1,677.0
North Carolina	5.2	130.6	48.9				2.0	186.7
North Dakota								0.0
Ohio					116.0		-20.0	96.0
Oklahoma	80.0	101.0	20.0				5.0	206.0
Oregon								0.0
Pennsylvania								0.0
Rhode Island	82.0						29.4	111.4
South Carolina							28.7	28.7
South Dakota								0.0
Tennessee			20.0		12.0			32.0
Texas	279.4			178.6		25.7		483.7
Utah								0.0
Vermont		42.5			10.2		6.8	59.5
Virginia	3.0	81.7	29.9			1.0	1.1	116.7
Washington					130.0			130.0
West Virginia	8.0	4.0	3.0				33.0	48.0
Wisconsin	-0.6	-2.7	3.0				-4.7	-5.0
Wyoming								0.0
Total	$2,485.7	$2,875.4	$1,370.0	$512.2	$1,409.2	$189.1	$1,454.5	$10,296.1
District of Columbia						-1.3	41.8	40.5

In addition to corporate income taxes, many states increased taxes that affect businesses but are not strictly defined as corporate income taxes. These increases are listed under Miscellaneous Taxes.

Cigarette and Tobacco Taxes

Only nine states raised cigarette taxes this year, compared with thirteen in fiscal 1990. The largest increases came in New Jersey (21 cents per pack) and in Texas (15 cents per pack). These two states account for over half of the $512.2 million in new revenue that cigarette and tobacco taxes will generate.

Motor Fuel Taxes

Motor fuel tax increases were implemented in over twenty states in fiscal 1990; in 1991 only nine states have increased them. Five large increases came in California ($760.0 million), Florida ($188.0 million), Massachusetts ($177.0 million), Washington ($130.0 million), and Ohio ($118.0 million). Together these states account for over 97.0 percent of the tax increase.

Alcohol Taxes

About $190.0 million has been raised in alcohol taxes for fiscal 1991. Most of the increase comes from Florida, where a surcharge on served drinks will generate $132.0 million.

Miscellaneous Taxes

As states seek to increase revenues without resorting to increases in broad-based taxes, targeted taxes become a popular source of revenue. Many of these tax increases constitute some type of business tax. For example, severance taxes, utilities taxes, and gross receipts taxes all affect businesses.

Seventeen states have increased taxes that fall into the miscellaneous category. These increases, along with three net decreases, will generate more than $1.4 billion in new revenue in fiscal 1991.

III. Year-End Balances

The decline in state fiscal conditions best manifests itself in year-end balance data; spending pressures and revenue shortfalls combine to create a picture of significantly declining balances from which states can finance unanticipated needs. Although fiscal 1989 saw an increase in balances resulting from strong revenue collections, fiscal 1990 saw a decline in balances as weak revenue collections forced states to tap their surpluses. The decline continues in fiscal 1991.

Thirty-three states held lower balances at the end of fiscal 1990 than at the end of fiscal 1989. Thirty-three also report that their ending balances will be less in fiscal 1991 than in fiscal 1990. As a result, total balances will decline from 4.8 percent in fiscal 1989 to 3.3 percent in fiscal 1990, and to only 2.5 percent by the end of fiscal 1991. Table 8 shows that this level of balances is the lowest since fiscal 1983, a recession year.

Table 8
SIZE OF TOTAL YEAR-END BALANCES, FISCAL 1978 TO FISCAL 1991

Fiscal Year	*Total Balance ($ in billions)*	*Total Balance (As % of Expenditures)*
1991	$7.4 (est.)	2.5%
1990	9.1 (est.)	3.3
1989	12.5	4.8
1988	9.8	4.2
1987	6.7	3.1
1986	7.2	3.5
1985	9.7	5.2
1984	6.4	3.8
1983	2.3	1.5
1982	4.5	2.9
1981	6.5	4.4
1980	11.8	9.0
1979	11.2	8.7
1978	8.9	8.6

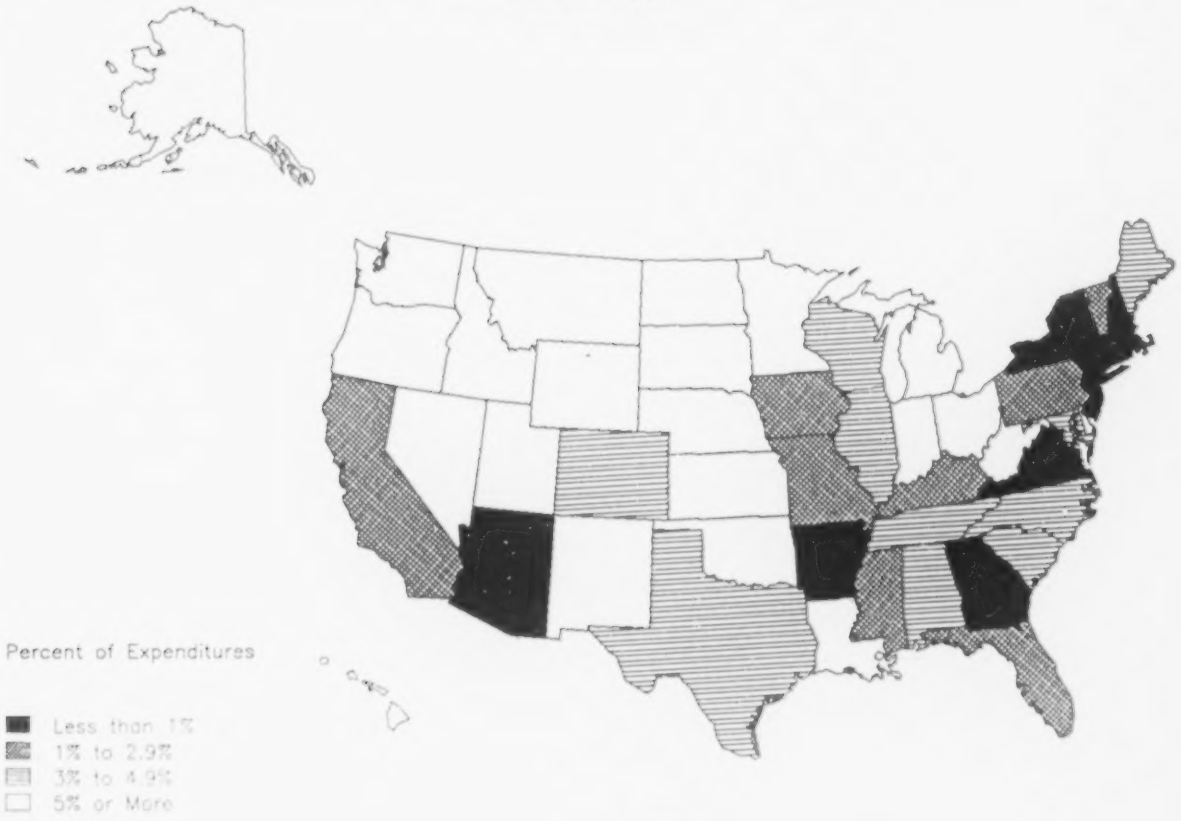
SOURCE: National Association of State Budget Officers

How did this happen? When revenues failed to keep pace with both estimates and spending requirements, states tapped their balances. As the national economy slows even further, they will continue to do so this year, perhaps even more than they anticipate. As a result, little revenue will be available to serve as a reserve. States will face the need to either increase revenues in order to finance spending or make dramatic spending reductions.

This pattern of declining balances has exhibited strong regional trends that are illustrated in Figure 2 and Figure 3. The first states to experience a decline in revenues and a subsequent decline in balances were those in the northeastern regions. This occurred in fiscal 1989 and fiscal 1990. Many of these states raised revenues for fiscal 1990 and fiscal 1991.

States that have not yet depleted their reserves are continuing to draw down on them during fiscal 1991. Some in the Southeast and Plains plan to end the year with fairly slim margins, suggesting that they will next confront potential budget imbalances. The only regions where the trend is to increase, rather than to decrease, balances are the three western regions.

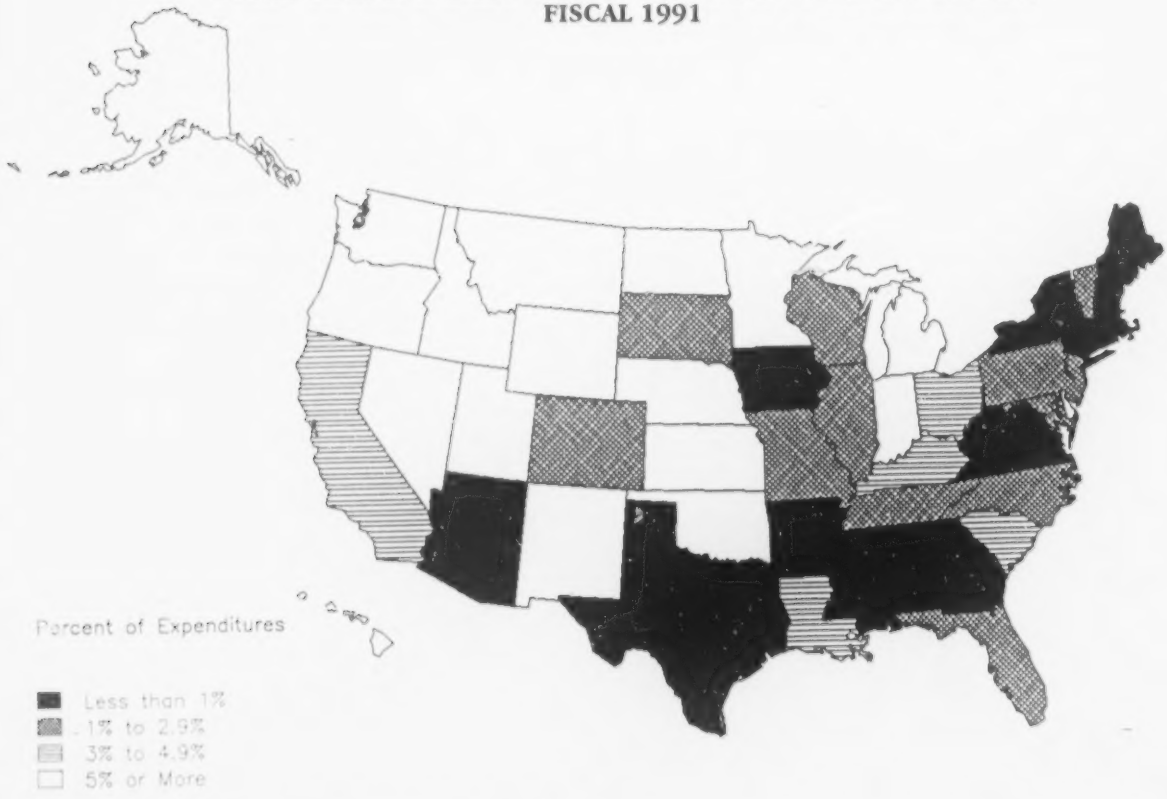
Figure 2
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1990



SOURCE: National Association of State Budget Officers

This same regional trend in fiscal conditions is shown in Table 9. The number of states holding the equivalent of more than 5.0 percent of expenditures declined from twenty-nine in fiscal 1989 to twenty-two in fiscal 1990, and is estimated to drop to only eighteen in fiscal 1991. While more than half the states held balances of over 5.0 percent in fiscal 1989, more than half expect to hold balances of less than 3.0 percent in fiscal 1991.

Figure 3
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1991



SOURCE: National Association of State Budget Officers

Again, the regional contrast is startling. At the end of fiscal 1991 only one state in the New England and Mideast regions (Delaware) will hold a balance of more than 2.1 percent. In contrast, nine of the eleven states in the Rocky Mountain and Far West regions will hold balances of more than 5.0 percent. Ending balance data for individual states is reported in Appendix Table A-4.

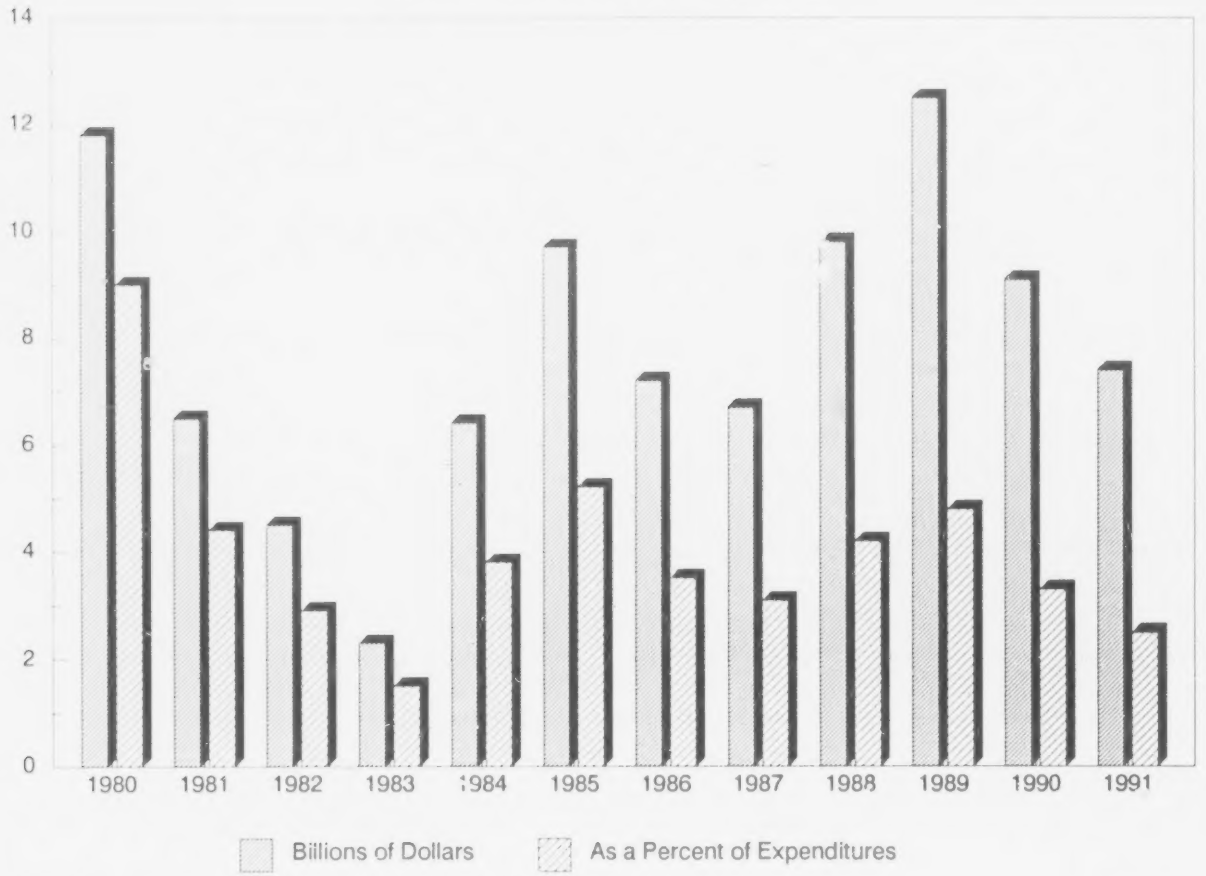
Table 9
TOTAL YEAR-END BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1989 TO FISCAL 1991

	Number of States		
Percentage	*Fiscal 1989 (Actual)*	*Fiscal 1990 (Estimated)*	*Fiscal 1991 (Appropriated)*
Less than 1.0%	5	10	15
1.0% to 2.9%	7	8	12
3.0% to 4.9%	9	10	5
5% or More	29	22	18
Average Percent	**4.8%**	**3.3%**	**2.5%**

SOURCE: National Association of State Budget Officers

It is now clear that fiscal 1989 was a turning point for state budgets, as shown in Figure 4. State balances peaked at $12.5 billion and reached almost 5.0 percent of expenditures, a level that some argue states should hold as a prudent balance. Fiscal 1990 and fiscal 1991 are years of decline. If current national economic trends persist, fiscal 1992 will continue the decline. The important question, and the one only time will answer, is whether states will have to endure a decline of the magnitude experienced in the early 1980s. States clearly are not well positioned to absorb significant additional erosion.

Figure 4
SIZE OF TOTAL YEAR - END BALANCES,
FISCAL 1980 TO FISCAL 1991



SOURCE: National Association of State Budget Officers

IV. Regional Fiscal Outlook

Overview

The current decline in state fiscal conditions is occurring along strong regional lines. The New England region was hit first, followed by the Mideast. The Midwest, Plains, and Southeast will face significant challenges in the current fiscal year to keep their budgets in balance. For now, the Southwest, Rocky Mountain, and Far West regions are the bright spots on the U.S. map.

The data in Table 10 confirm the slowing of the national economy and many regional economies. Compared with a year ago, national unemployment has increased slightly (from 5.1 percent to 5.3 percent), balances have declined (from 4.8 percent to 3.3 percent), and expenditure growth has declined (from 7.7 percent to 6.5 percent).

Table 10
REGIONAL BUDGET AND ECONOMIC INDICATORS

Region	*Weighted Unemployment Rate*[a]	*Weighted Annual % Change in Personal Income*[b]	*Annual % Change in Population*[c]	*Fiscal 1990 Total Balances as a Percent of Expenditures*	*Enacted 1991 General Fund Budget Growth (%)*	*Number of States in Region*
New England	5.5%	6.9%	0.7%	-5.5%	3.1%	6
Mideast	4.7	7.4	0.4	1.0	2.7	5
Great Lakes	5.9	7.2	0.4	6.2	6.5	5
Plains	4.1	7.4	0.5	9.0	8.1	7
Southeast	5.8	7.7	1.1	2.9	10.2	12
Southwest	6.1	7.3	0.9	4.3	12.1	4
Rocky Mountain	5.1	7.7	0.6	7.0	3.7	5
Far West	5.6	8.7	2.6	4.6	6.1	6
Average	**5.3%**	**7.6%**	**1.0%**	**3.3%**	**6.5%**	**50**

SOURCES:
a. U.S. Department of Labor, Bureau of Labor Statistics, August 1990.
b. FFIS Issue Brief 90-15, State Personal Income, Percent Change 1988-1989, p.11.
c. FFIS Issue Brief 90-1, Percent Change in Population, 1988-1989, p.2.

New England

This region continues to have the worst state fiscal conditions. Three states in the region (Connecticut, Massachusetts, and New Hampshire) ended fiscal 1990 with deficits and two of the remaining three states (Rhode Island and Vermont) ended with balances of under 2.0 percent. By the end of fiscal 1991 Vermont will have the highest balance in the region, a balance of only 1.3 percent of expenditures.

As a result of the poor econo[illegible] environment, state spending also is low. In fiscal 1990 only one state budget (Maine) increased [illegible] than the national average. Several tax increases enacted during fiscal 1990 will allow fiscal 199[illegible] spending to increase at a higher, but still modest, rate. Even employment and personal income growth--variables that remained strong during the early months of the slowdown--now are performing below the national average.

Mideast

Balances as a percent of expenditures declined or remained at zero in every state in this region between fiscal 1989 and fiscal 1990. In all but one state (New Jersey) they are estimated to decline further between 1990 and 1991. The economic statistics for the region are stronger than those for New England, with a lower unemployment rate and higher personal income growth. Compared with a year ago, however, personal income growth has slowed from 8.4 percent growth to 7.4 percent growth. At just 2.7 percent, fiscal 1991 spending growth is the lowest in the country, reflecting tightening state economies.

Great Lakes

This region currently is benefiting from the large balances it established over the last few years. Although the slowing economy is taking its toll, these balances may allow the region to squeak through fiscal 1991 without dramatic fiscal upheaval. While four states (Indiana, Michigan, Ohio, and Wisconsin) held balances exceeding 5.0 percent of expenditures in fiscal 1989, three states (Indiana, Michigan, and Ohio) did so in fiscal 1990, and two states (Indiana and Michigan) plan to do so in fiscal 1991. Even that estimate may prove optimistic. The region's unemployment rate exceeds the national average and its personal income growth lags the national average. Spending growth in the region equals the national average (6.5 percent).

Plains

The Plains states hold the highest balances in the country, but like the Great Lakes states , they are relying on high balances to see them through a slow economy. All but one of the states in the region (North Dakota) reduced their balances as a percent of spending between fiscal 1989 and fiscal 1990, and all seven states plan to reduce balances between fiscal 1990 and fiscal 1991. The region enjoys a low unemployment rate, but also experienced slower personal income growth in fiscal 1989 than in the previous year. Its spending growth exceeds the national average, but that growth is lower than its 10.0 percent growth in enacted budgets last year.

Southeast

In a region as large as the Southeast, generalizations are difficult. Therefore, it is significant that eleven of the twelve states in the region plan to reduce their balances as a percent of expenditures between fiscal 1990 and fiscal 1991. The only exception is Kentucky, which enacted a major tax increase in fiscal 1990. In fiscal 1990 the region held the third lowest balance in the nation. Fiscal 1991 spending growth in the region exceeds the national average, though some of the states in the region have spending growth far below the regional average--Arkansas, Georgia, Louisiana, Mississippi, and Tennessee. Unemployment in the region exceeds the national average as does personal income growth.

Southwest

The Southwest holds the distinction of having the highest percentage expenditure growth (12.1 percent) in fiscal 1991. Although the regional totals are dominated by Texas, three of the four states plan to increase spending by more than 10.0 percent. Both Oklahoma and Texas have addressed education funding reforms, which partly explains their spending increases. This region has the highest unemployment rate in the country, though current increases in the price of oil may improve the regional economy. Balances declined in two of the four states (New Mexico and Oklahoma) between fiscal 1989 and fiscal 1990 and are estimated to decrease in two states (New Mexico and Texas) between fiscal 1990 and fiscal 1991.

Rocky Mountain

The economic statistics for the Rocky Mountain region are comparable to national averages; its unemployment rate is slightly lower and its personal income growth is slightly higher. Spending growth increases are modest in a region that has become accustomed to slow growth. Balances declined in four of the five states in the region between fiscal 1989 and fiscal 1990. In only one state (Wyoming) are balances estimated to increase as a percent of spending between fiscal 1990 and fiscal 1991. This region is likely to see an improvement in its economy, given the recent developments in the oil and energy markets.

Far West

The data for the Far West region are very strong, and if California were excluded they would be even stronger. For example, ending balances in the region were 4.6 percent of expenditures for fiscal 1990. Without California they would have been 13.1 percent. All states except Alaska and Hawaii increased their balances between fiscal 1989 and fiscal 1990. Yet, only Alaska and California plan to increase balances between fiscal 1990 and fiscal 1991. The region continues to enjoy the strongest population and personal income growth in the country. Enacted budget increases for fiscal 1991 are lower than the national average (6.1 percent in the region compared with 6.5 percent nationally).

APPENDIX

Table A-1
FISCAL 1989 STATE GENERAL FUND, ACTUAL
($ in millions)

Region/State	Beginning Balance	Revenues	Resources	Expenditures	Ending Balance	Budget Stabilization Fund
NEW ENGLAND						
Connecticut*	$0	$5,715	$5,715	$5,743	-$28	$130
Maine	142	1,498	1,640	1,477	163	25
Massachusetts*	353	11,968	12,322	12,764	-442	
New Hampshire	13	571	584	578	6	29
Rhode Island*	115	1,299	1,413	1,400	14	37
Vermont	74	546	619	608	11	13
MIDEAST						
Delaware*	158	1,119	1,278	1,092	185	*
Maryland	408	5,442	5,850	5,460	390	92
New Jersey	774	11,187	11,962	11,550	411	
New York*	53	28,191	28,244	28,244	0	
Pennsylvania*	95	11,260	11,355	10,970	385	112
GREAT LAKES						
Illinois	246	12,134	12,380	11,839	541	
Indiana*	243	5,198	5,442	5,017	425	265
Michigan	22	7,064	7,085	7,024	61	419
Ohio	297	9,012	9,309	8,834	475	340
Wisconsin	194	5,635	5,829	5,454	375	
PLAINS						
Iowa	62	2,701	2,763	2,668	95	
Kansas	303	2,228	2,531	2,160	371	
Minnesota*	850	6,032	6,882	5,936	946	*
Missouri	100	3,792	3,892	3,781	110	
Nebraska	178	1,099	1,277	987	290	50
North Dakota	51	536	587	547	40	25
South Dakota	42	409	450	411	39	
SOUTHEAST						
Alabama	177	3,087	3,264	3,211	53	21
Arkansas	0	1,714	1,714	1,714	0	
Florida	235	9,272	9,506	9,465	42	157
Georgia*	151	6,468	6,619	6,380	239	194
Kentucky	32	3,326	3,358	3,310	48	
Louisiana*	-512	5,195	4,683	4,028	655	
Mississippi	89	1,804	1,893	1,809	84	24
North Carolina*	393	6,175	6,568	6,411	157	
South Carolina	13	3,137	3,150	3,092	58	88
Tennessee	66	3,470	3,536	3,408	128	100
Virginia*	275	5,555	5,830	5,830	0	
West Virginia	35	1,494	1,529	1,463	66	
SOUTHWEST						
Arizona	6	2,886	2,892	2,890	1	
New Mexico*	0	1,867	1,867	1,754	*	113
Oklahoma	117	2,585	2,702	2,545	157	152
Texas	113	13,314	13,427	13,130	297	
ROCKY MOUNTAIN						
Colorado*	106	2,385	2,491	2,356	135	*
Idaho	17	773	790	713	77	12
Montana*	40	416	455	388	67	
Utah	42	1,540	1,582	1,511	71	48
Wyoming	72	369	441	387	54	58
FAR WEST						
Alaska	224	2,186	2,410	2,248	163	
California*	225	36,953	37,178	36,068	1,109	*
Hawaii	471	2,385	2,856	2,227	629	
Nevada	65	713	778	751	27	40
Oregon*	119	2,125	2,244	1,948	296	
Washington	178	5,991	6,169	5,713	456	60
TOTAL	$7,518	$261,819	$269,338	$259,293	$9,932	$2,607
District of Columbia	-219	2,873	2,655	2,872	-217	

NOTES TO TABLE A-1

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

California	Ending balance includes $856.5 million budget stabilization fund.
Colorado	Required reserve of $92.0 million is included with ending balance.
Connecticut	Figures include $204.7 million for expenses related to the Educational Excellence Trust Fund, which was merged into the general fund beginning in fiscal 1990.
Delaware	Ending balance includes $55.9 million reserve fund.
Georgia	Beginning balance includes $58.9 million mid-year adjustment reserve. Ending balance includes $64.7 million mid-year adjustment reserve.
Indiana	Figures include Property Tax Relief Fund.
Louisiana	Revenues include $783.0 million of Recovery District Bond proceeds to be repaid over a ten-year period.
Massachusetts	State is required to show consolidated budgetary funds for reporting. Revenues include other financing sources.
Minnesota	Ending balance includes $550.0 million budget stabilization fund.
Montana	Revenues include adjustments.
New Mexico	Ending balance is held in budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect deficit note of $460.0 million and drawdown of $69.0 million from the tax stabilization reserve (rainy day) fund.
North Carolina	Revenues include $20.0 million in general obligation bonds for capital improvements.
Oregon	Biennial expenditures were split 48.0 percent to the first year of the biennium and 52.0 percent to the second year of the biennium. Year-to-year comparisons may be misleading.
Pennsylvania	Revenues include adjustments. In addition to its budget stabilization fund, Pennsylvania reported $44.0 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Virginia	Expenditures include reserve and ending balance includes undesignated fund balance.

Table A-2
FISCAL 1990 STATE GENERAL FUND, PRELIMINARY ACTUAL
($ in millions)

Region/State	Beginning Balance	Revenues	Resources	Expenditures	Ending Balance	Budget Stabilization Fund
NEW ENGLAND						
Connecticut	$0	$6,112	$6,112	$6,372	-$260	$102
Maine	163	1,419	1,582	1,525	57	8
Massachusetts*	-442	12,636	12,194	13,420	-1,226	
New Hampshire	6	568	574	607	-33	3
Rhode Island*	14	1,461	1,474	1,472	2	1
Vermont	11	588	599	599	0	11
MIDEAST						
Delaware*	185	1,157	1,342	1,170	172	*
Maryland	390	5,707	6,098	6,039	58	120
New Jersey	411	11,407	11,818	11,817	1	
New York*	0	29,229	29,229	29,229	0	
Pennsylvania*	385	11,571	11,956	11,820	136	127
GREAT LAKES						
Illinois	541	12,841	13,382	12,987	395	
Indiana*	425	5,459	5,884	5,512	372	318
Michigan	61	7,246	7,307	7,304	3	388
Ohio	475	9,382	9,857	9,412	445	364
Wisconsin	375	5,705	6,080	5,837	243	
PLAINS						
Iowa	95	2,817	2,912	2,841	71	
Kansas*	371	2,299	2,671	2,400	270	
Minnesota*	946	6,527	7,473	6,645	828	*
Missouri	110	4,050	4,160	4,103	57	
Nebraska*	290	1,163	1,453	1,194	259	40
North Dakota	40	543	583	529	54	21
South Dakota	39	444	483	445	38	
SOUTHEAST						
Alabama	53	3,232	3,285	3,218	67	30
Arkansas	0	1,812	1,812	1,812	0	
Florida	42	9,985	10,027	9,950	77	163
Georgia*	239	7,196	7,435	7,398	37	
Kentucky	48	3,572	3,620	3,533	87	0
Louisiana	655	4,295	4,950	4,404	546	
Mississippi	84	1,848	1,932	1,927	5	21
North Carolina*	157	6,988	7,145	6,923	222	
South Carolina	58	3,318	3,376	3,360	15	94
Tennessee	128	3,690	3,818	3,753	65	100
Virginia*	0	5,691	5,691	5,691	0	
West Virginia	66	1,746	1,812	1,712	100	
SOUTHWEST						
Arizona	1	3,091	3,092	3,086	6	
New Mexico*	0	1,928	1,928	1,820	*	108
Oklahoma	157	2,697	2,854	2,707	147	151
Texas	297	14,950	15,247	14,697	550	
ROCKY MOUNTAIN						
Colorado*	135	2,480	2,615	2,504	111	*
Idaho	77	857	934	885	49	35
Montana*	67	450	517	432	85	
Utah	71	1,609	1,680	1,628	52	52
Wyoming*	54	429	483	434	49	2
FAR WEST						
Alaska	163	2,572	2,735	2,467	268	
California*	1,134	39,258	40,392	39,698	694	*
Hawaii	629	2,509	3,138	2,682	456	
Nevada	27	806	833	764	70	40
Oregon*	296	2,217	2,513	2,202	311	
Washington	456	6,426	6,882	6,371	511	260
TOTAL	$9,986	$275,982	$285,967	$279,337	$6,522	$2,560
District of Columbia*	-217	3,088	2,871	3,088	-217	

NOTES TO TABLE A-2

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

California	Beginning balance includes a prior year expenditure accrual adjustment of $25.0 million. Ending balance includes $240.8 million budget stabilization fund.
Colorado	Ending balance includes required reserve of $99.1 million.
Delaware	Ending balance includes $62.5 million reserve fund.
District of Columbia	Current estimates indicate a potential revenue shortfall of $70.0 million and potential overspending (compared with figures reported here) of $40.0 million.
Georgia	Beginning balance includes $64.7 million mid-year adjustment reserve. Ending balance consists of $37.0 mid-year adjustment reserve.
Indiana	Figures include the Property Tax Relief Fund.
Kansas	Revenue figure is preliminary. Expenditure figure is preliminary. Approved expenditures were $2,405.5 million. Some underspending will shift to fiscal 1991.
Massachusetts	State is required to show consolidated budgetary funds for reporting. Revenues include other financing sources.
Minnesota	Ending balance includes $550.0 million budget stabilization fund.
Montana	Revenues include adjustments.
Nebraska	Revenues include transfer of $10.5 million from cash reserve fund.
New Mexico	Ending balance is held in budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect a $460.0 million revenue reduction for impoundment for fiscal 1989 deficit notes and receipt of $775.0 million for fiscal 1990 deficit notes. Figures are actual.
North Carolina	Revenues include a $279.4 million transfer from the highway trust fund.
Oregon	Biennial expenditures were split 48.0 percent to the first year of the biennium and 52.0 percent to the second year of the biennium. Year-to-year comparisons may be misleading.
Pennsylvania	Revenues include adjustments. In addition to its Rainy Day Fund, Pennsylvania estimates a balance of $59.0 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Virginia	Expenditures include reserve and ending balance includes undesignated fund balance.
Wyoming	Revenues include a $58.0 million transfer from the budget stabilization fund.

Table A-3
FISCAL 1991 STATE GENERAL FUND, APPROPRIATED
($ in millions)

Region/State	*Beginning Balance*	*Revenues*	*Resources*	*Expenditures*	*Ending Balance*	*Budget Stabilization Fund*
NEW ENGLAND						
Connecticut	-$157	$6,300	$6,143	$6,522	-$379	$0
Maine	57	1,570	1,627	1,627	0	7
Massachusetts*	-1,226	15,053	13,827	13,785	41	
New Hampshire*	-7	640	633	638	-5	0
Rhode Island*	2	1,534	1,536	1,535	1	5
Vermont	0	633	633	632	0	8
MIDEAST						
Delaware*	172	1,213	1,384	1,261	124	*
Maryland	58	6,257	6,316	6,310	6	130
New Jersey	1	12,246	12,247	12,066	181	
New York*	0	29,774	29,774	29,774	0	
Pennsylvania*	136	12,143	12,279	12,277	2	137
GREAT LAKES						
Illinois	395	13,471	13,866	13,591	275	
Indiana*	372	5,790	6,162	6,006	156	336
Michigan	3	7,665	7,668	7,650	18	423
Ohio	445	9,747	10,192	10,131	61	378
Wisconsin	243	6,201	6,444	6,345	99	
PLAINS						
Iowa	71	3,024	3,094	3,093	1	
Kansas*	270	2,344	2,615	2,488	127	
Minnesota*	828	6,855	7,683	7,151	532	*
Missouri	57	4,415	4,472	4,426	47	
Nebraska	259	1,343	1,602	1,485	117	32
North Dakota	54	484	538	500	38	23
South Dakota	38	455	493	482	11	
SOUTHEAST						
Alabama*	67	3,390	3,457	3,543	-86	39
Arkansas	0	1,829	1,829	1,829	0	
Florida	77	11,244	11,321	11,269	52	176
Georgia*	37	7,785	7,822	7,785	37	0
Kentucky	87	4,381	4,468	4,286	182	20
Louisiana	546	4,144	4,690	4,491	199	
Mississippi	5	1,968	1,973	2,010	-37	5
North Carolina*	222	7,928	8,150	8,009	141	*
South Carolina	15	3,593	3,608	3,593	15	100
Tennessee	65	3,720	3,785	3,785	0	100
Virginia*	0	5,861	5,861	6,617	-756	200
West Virginia	100	1,836	1,936	1,936	0	
SOUTHWEST						
Arizona*	6	3,463	3,469	3,456	14	
New Mexico*	0	2,047	2,047	1,940	*	107
Oklahoma	147	3,034	3,181	2,986	195	151
Texas	550	16,145	16,695	16,620	75	
ROCKY MOUNTAIN						
Colorado*	111	2,629	2,740	2,695	44	*
Idaho	49	878	927	910	17	35
Montana	85	431	516	449	67	
Utah	52	1,681	1,733	1,681	52	56
Wyoming	49	346	395	365	29	35
FAR WEST						
Alaska	268	2,610	2,878	2,595	283	
California*	694	42,915	43,609	42,032	1,578	*
Hawaii	456	2,677	3,133	2,820	313	
Nevada	70	860	930	875	55	40
Oregon*	311	2,379	2,690	2,384	306	
Washington	511	6,646	7,156	6,771	385	260
TOTAL	$6,650	$295,574	$302,223	$297,506	$4,610	$2,802
District of Columbia*	-217	3,241	3,024	3,241	-217	

NOTES TO TABLE A-3

For all states, unless otherwise noted, transfers into budget stabilization funds are counted as expenditures and transfers from budget stabilization funds are counted as revenues.

Alabama	Expenditures represent total appropriations. This amount may have to be reduced in order to balance the budget.
Arizona	New legislation created a Budget Stabilization Fund that will have an automatic triggering mechanism when Arizona personal income growth rate is above or below the seven-year moving average.
California	Ending balance includes budget stabilization fund of $1,299.0 million.
Colorado	Ending balance includes required reserve of $44.3 million.
Delaware	Ending balance includes $65.4 million reserve fund.
District of Columbia	Ending balance includes $1.7 million deficit repayment.
Georgia	Beginning balance is available only for supplemental purposes. There are efforts to reduce spending to $7,453.0 million.
Kansas	Expenditure figure is as approved and does not reflect shifts from fiscal 1990.
Indiana	Figures include Property Tax Relief Fund.
Massachusetts	The state is required to show consolidated budgetary funds for reporting. Revenues include other financing sources.
Minnesota	Ending balance includes $550.0 million budget stabilization fund that is available to offset a deficit of $18.0 million.
New Hampshire	Beginning balance reflects a transfer of $26.0 million from the budget stabilization fund.
New Mexico	Ending balance is held in a budget stabilization fund.
New York	General fund figures are reported on a cash basis. Revenues reflect a $775.0 million revenue reduction for impoundment for 1990 deficit notes.
North Carolina	Revenues include a $17.0 million transfer from the highway fund and a $264.0 million transfer from the highway trust fund. Resources include $75.0 million in legislative bonds. The General Assembly appropriated $141.0 million for a Reserve for Budget Stabilization. In Fiscal 1991 funds from the reserve are available only through appropriation by the General Assembly.
Oregon	Biennial expenditures were split 48.0 percent to the first year of the biennium and 52.0 percent to the second year of the biennium. Year-to-year comparisons may be misleading.

NOTES TO TABLE A-3 (continued)

Pennsylvania	Revenues include adjustments. In addition to its Rainy Day Fund, Pennsylvania expects a balance of $28.0 million in its Sunny Day Fund, which is used for economic development.
Rhode Island	Revenues include other financing sources.
Virginia	Ending balance reflects the first year anticipated shortfall only. Virginia faces a $1,342.0 million shortfall for the 1990-92 biennium. As enacted in March 1990, the budget anticipated a $203.6 million undesignated fund balance at the end of the biennium. Of this amount, $200.0 million constituted a revenue reserve (shown as a budget stabilization fund). In July 1990, revenue projections were revised downward. The Governor's plan to address the shortfall would keep the reserve intact by reducing expenditures.

Table A-4
TOTAL BALANCES AS A PERCENT OF EXPENDITURES, FISCAL 1989 TO FISCAL 1991

Region/State	Total Balances ($ in millions)			As a Percent of Expenditures		
	Fiscal 1989	Fiscal 1990	Fiscal 1991	Fiscal 1989	Fiscal 1990	Fiscal 1991
NEW ENGLAND						
Connecticut	$102	-$157	-$379	1.8 %	-2.5 %	-5.8 %
Maine	188	65	7	12.7	4.3	0.4
Massachusetts	-442	-1,226	41	-3.5	-9.1	0.3
New Hampshire	35	-30	-5	6.1	-4.9	-0.8
Rhode Island	51	3	6	3.6	0.2	0.4
Vermont	24	11	8	4.0	1.9	1.3
MIDEAST						
Delaware	185	172	124	17.0	14.7	9.8
Maryland	482	178	136	8.8	3.0	2.1
New Jersey	411	1	181	3.6	0.0	1.5
New York	0	0	0	0.0	0.0	0.0
Pennsylvania*	497	263	139	4.5	2.2	1.1
GREAT LAKES						
Illinois	541	395	275	4.6	3.0	2.0
Indiana	690	690	492	13.8	12.5	8.2
Michigan	480	391	441	6.8	5.4	5.8
Ohio	815	810	439	9.2	8.6	4.3
Wisconsin	375	243	99	6.9	4.2	1.6
PLAINS						
Iowa	95	71	1	3.6	2.5	0.0
Kansas	371	270	127	17.2	11.3	5.1
Minnesota	946	828	532	15.9	12.5	7.4
Missouri	110	57	47	2.9	1.4	1.1
Nebraska	340	299	148	34.5	25.0	10.0
North Dakota	65	75	61	11.9	14.2	12.2
South Dakota	39	38	11	9.4	8.6	2.3
SOUTHEAST						
Alabama	74	97	-47	2.3	3.0	-1.3
Arkansas	0	0	0	0.0	0.0	0.0
Florida	199	240	228	2.1	2.4	2.0
Georgia	433	37	37	6.8	0.5	0.5
Kentucky	48	87	202	1.4	2.5	4.7
Louisiana	655	546	199	16.3	12.4	4.4
Mississippi	108	26	-32	6.0	1.4	-1.6
North Carolina	157	222	141	2.4	3.2	1.8
South Carolina	146	109	115	4.7	3.3	3.2
Tennessee	228	165	100	6.7	4.4	2.6
Virginia	0	0	-556	0.0	0.0	-8.4
West Virginia	66	100	0	4.5	5.8	0.0
SOUTHWEST						
Arizona	1	6	14	0.0	0.2	0.4
New Mexico	113	108	107	6.4	5.9	5.5
Oklahoma	309	298	346	12.1	11.0	11.6
Texas	297	550	75	2.3	3.7	0.5
ROCKY MOUNTAIN						
Colorado	135	111	44	5.7	4.4	1.6
Idaho	89	84	52	12.5	9.5	5.7
Montana	67	85	67	17.3	19.7	14.8
Utah	119	104	108	7.9	6.4	6.4
Wyoming	112	51	65	29.0	11.8	17.7
FAR WEST						
Alaska	163	268	283	7.2	10.9	10.9
California	1,109	694	1,578	3.1	1.7	3.8
Hawaii	629	456	313	28.2	17.0	11.1
Nevada	67	110	95	8.9	14.4	10.8
Oregon	296	311	306	15.2	14.1	12.8
Washington	516	771	645	9.0	12.1	9.5
TOTAL	$12,538	$9,082	$7,412	4.8 %	3.3 %	2.5 %
District of Columbia	-217	-217	-217	-7.6	-7.0	-6.7

NOTES TO TABLE A-4

Pennsylvania In addition to its Rainy Day Fund, Pennsylvania expects a balance of $44.0, $59.0, and $28.0 million in its Sunny Day Fund for the three years shown.

Table A-5
NOMINAL PERCENTAGE EXPENDITURE CHANGE, FISCAL 1990 AND FISCAL 1991

Region/State	*Fiscal 1990*	*Fiscal 1991*
NEW ENGLAND		
Connecticut	10.9 %	2.4 %
Maine	3.2	6.7
Massachusetts	5.1	2.7
New Hampshire	5.0	5.1
Rhode Island	5.2	4.3
Vermont	-1.5	5.6
MIDEAST		
Delaware	7.1	7.7
Maryland	10.6	4.5
New Jersey	2.3	2.1
New York	3.5	1.9
Pennsylvania	7.7	3.9
GREAT LAKES		
Illinois	9.7	4.7
Indiana	9.9	9.0
Michigan	4.0	4.7
Ohio	6.6	7.6
Wisconsin	7.0	8.7
PLAINS		
Iowa	6.5	8.9
Kansas	11.1	3.6
Minnesota	11.9	7.6
Missouri	8.5	7.9
Nebraska	21.1	24.3
North Dakota	-3.3	-5.5
South Dakota	8.2	8.3
SOUTHEAST		
Alabama	0.2	10.1
Arkansas	5.7	1.0
Florida	5.1	13.3
Georgia	16.0	5.2
Kentucky	6.7	21.3
Louisiana	9.3	2.0
Mississippi	6.5	4.3
North Carolina	8.0	15.7
South Carolina	8.7	6.9
Tennessee	10.1	0.9
Virginia	-2.4	16.3
West Virginia	17.0	13.0
SOUTHWEST		
Arizona	6.8	12.0
New Mexico	3.8	6.6
Oklahoma	6.4	10.3
Texas	11.9	13.1
ROCKY MOUNTAIN		
Colorado	6.3	7.6
Idaho	24.1	2.8
Montana	11.3	3.9
Utah	7.7	3.3
Wyoming	12.2	-15.9
FAR WEST		
Alaska	9.8	5.2
California	10.1	5.9
Hawaii	20.4	5.1
Nevada	1.6	14.6
Oregon	13.0	8.3
Washington	11.5	6.3
TOTAL	7.7 %	6.5 %
District of Columbia	7.5	5.0

Table A-6
TAX COLLECTIONS COMPARED WITH PROJECTIONS USED IN ADOPTING FISCAL 1990 BUDGET
($ in millions)

Region/State	Sales Tax		Personal Income Tax		Corporate Income Tax		Total Revenue Collection #
	Original Estimate	Current Estimate	Original Estimate	Current Estimate	Original Estimate	Current Estimate	
NEW ENGLAND							
Connecticut*	$2,506	$2,495	$613	$629	$967	$792	L
Maine	524	483	585	574	81	71	L
Massachusetts	2,215	1,371	4,570	4,465	1,075	717	L
New Hampshire	N/A	N/A	N/A	N/A	114	114	L
Rhode Island	434	397	472	435	80	56	L
Vermont*	151	136	227	251	45	26	T
MIDEAST							
Delaware*	N/A	N/A	524	521	95	81	L
Maryland	1,594	1,572	2,872	2,863	141	113	L
New Jersey	3,411	3,220	3,266	2,980	1,322	1,130	L
New York*	6,000	5,729	15,670	15,252	1,664	1,276	L
Pennsylvania	4,300	4,225	3,349	3,294	1,194	1,081	L
GREAT LAKES							
Illinois*	3,886	3,827	4,039	3,984	712	568	L
Indiana*	2,189	2,119	2,019	2,090	776	753	L
Michigan*	2,720	2,725	3,493	3,572	1,968	1,830	H
Ohio*	3,394	3,403	3,670	3,660	930	813	T
Wisconsin*	1,951	1,984	2,497	2,624	476	436	H
PLAINS							
Iowa*	727	729	1,472	1,446	260	231	L
Kansas	733	732	845	863	172	168	L
Minnesota	1,881	1,867	2,746	2,730	467	478	L
Missouri	1,299	1,274	2,015	2,007	304	246	L
Nebraska	450	444	492	501	70	72	T
North Dakota	240	221	119	99	30	30	H
South Dakota	223	235	N/A	N/A	N/A	N/A	H
SOUTHEAST							
Alabama*	822	822	1,296	1,296	*	*	L
Arkansas	824	840	809	838	135	145	H
Florida*	8,294	8,260	N/A	N/A	931	800	L
Georgia	2,815	2,740	2,909	2,868	515	497	L
Kentucky	1,095	1,073	1,132	1,238	330	293	T
Louisiana	1,396	1,396	697	730	300	322	H
Mississippi	825	805	398	438	182	185	L
North Carolina*	1,739	1,763	3,496	3,390	788	558	L
South Carolina	1,123	1,143	1,377	1,394	239	162	L
Tennessee	2,418	2,319	90	94	388	350	L
Virginia	1,383	1,356	3,293	3,238	429	331	L
West Virginia*	505	495	472	517	152	148	H
SOUTHWEST							
Arizona	1,422	1,423	1,032	996	199	178	T
New Mexico	729	716	350	360	67	62	T
Oklahoma*	767	796	959	992	104	93	H
Texas	7,293	7,484	N/A	N/A	N/A	N/A	H
ROCKY MOUNTAIN							
Colorado	706	768	1,358	1,397	160	97	L
Idaho	298	319	317	398	57	72	H
Montana	N/A	N/A	149	160	30	48	H
Utah	700	706	623	661	90	99	H
Wyoming	101	105	N/A	N/A	N/A	N/A	H
FAR WEST							
Alaska	N/A	N/A	N/A	N/A	N/A	N/A	H
California	13,450	13,475	17,580	17,020	5,693	5,000	L
Hawaii	1,127	1,177	802	695	84	75	L
Nevada	262	282	N/A	N/A	N/A	N/A	H
Oregon	N/A	N/A	1,721	1,828	169	148	H
Washington*	2,725	3,126	N/A	N/A	1,001	1,093	H
TOTAL	$93,645	$92,573	$96,414	$95,387	$24,986	$21,837	
District of Columbia	526	557	658	636	178	149	L

L = revenues lower than estimates; H = revenues higher than estimates; and T = revenues on target.

NOTES TO TABLE A-6

Alabama	Corporate income tax collections are reported under personal income tax.
Arkansas	Current estimate is actual collections.
Connecticut	Personal income tax applies to capital gains, dividends, and interest income.
Delaware	Estimate at budget adoption was based on June 19, 1989 projection.
Florida	Current sales tax estimate reflects recently enacted payment speed-up.
Illinois	Current estimate is actual collections.
Indiana	Current estimate is actual collections.
Iowa	Current estimate is actual collections.
Michigan	The single business tax is reported under corporate income tax.
New York	Current estimate is actual collections.
North Carolina	Current estimate is actual collections.
Ohio	Current estimate is actual collections.
Oklahoma	Current estimate is actual collections.
Vermont	Current estimate is actual collections.
Washington	Business and occupations tax collections are reported under corporate income tax.
Wisconsin	Current estimate is actual collections.
West Virginia	Current estimate is actual collections.

Table A-7
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
SALES TAX			
Arizona	Eliminate accounting allowance.	7/90	$8.0
	Reduce rate on real property rental.	7/90	-1.8
Florida	Speed up estimated payments.	6/90	76.7
	Remove spa/health club exemption.	7/90	6.9
	Strengthen mail order provisions.	10/90	1.5
	Exempt certain commercial leases.	7/90	-3.5
Hawaii	Waive statute of limitations for claims for use taxes by Hawaii General Motors dealers.	6/90	-2.0
Idaho	Change responsibility for determining who qualifies for production exemption from merchant to purchaser.	7/90	-1.0
Kentucky	Increase rate from 5% to 6%.	7/90	187.0
Louisiana	Increase telecommunications tax from 2% to 3%.	8/90	11.0
Massachusetts	Extend tax to most business purchases, telecommunications, and utilities purchased by businesses.	9,12/90	192.6
Missouri	Mail-order sales tax nexus (Bellas Hess).	10/90	1.5
	Expiration of temporary increase.	7/90	-60.0
Nebraska	Increase rate from 4% to 5%; increase motor vehicle usage tax from 4% to 5% (deposited in Highway Trust Fund).	7/90	108.9
New Jersey	Increase rate from 6% to 7%.	7/90	550.0
	Extend tax to telecommunications.	7/90	323.0
	Extend tax to cigarettes.	7/90	82.0
	Remove exemption for sales of heavy trucks and leased trucks and trailers; for disposable paper products; for household soaps and detergents.	7/90	138.0
	Extend tax to janitorial services and to alcoholic beverages.	7/90	212.0
New Mexico	Increase rate from 4.75% to 5%.	7/90	45.7
New York	Extend tax to interior cleaning, maintenance and design, protective and detective services, and to entertainment services provided by phone; require payment of outstanding tax liability upon corporation dissolution and reinstatement; accelerated payment of sales tax on long-term auto leases.	6/90	134.0
North Carolina	Release of reserve on mail-order sales taxes (one-time gain); collection of mail-order sales tax.	7/90	5.2
Oklahoma	Increase rate from 4% to 4.5%; introduce rebates.	5/90	80.0
Rhode Island	Increase rate from 6% to 7%; remove cigarette exemption; remove other exemptions.	7/90	82.0
Texas	Increase rate from 6% to 6.25%.	7/90	279.4

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
Virginia	Compliance efforts.	7/90	3.0
West Virginia	Remove exemption for goods used in government contracts.	10/90	2.0
	Acceleration of payments for large taxpayers.	10/90	6.0
Wisconsin	Expand exemptions.	7/90	-0.6
PERSONAL INCOME TAX			
Arizona	Simplification, loss of deductions, lower rates.	1/90	$110.0
	Conform to Internal Revenue Code.	1/90	4.9
	Limit renter's credit.	1/90	3.8
California	Withholding on out-of-state sellers of California real estate.	1/91	43.0
	Conform with 1987 and 1989 federal tax changes.	1/90	36.0
Connecticut	Tax Connecticut real property gains of nonresidents.	1/90	10.5
Hawaii	Tax credit of $60/taxpayer.	1/90	-54.0
	Increase food tax credit from $45 to $55.	1/90	-9.0
	Withholding tax of 9% on foreign real estate sales.	1/91	3.0
	Liberalize energy tax credit (until 12/31/98).	1/90	-4.0
Indiana	Tax bingo winnings.	7/90	N/A
Iowa	Government pension extension.	7/90	-7.0
	Child care credit doubled.	7/90	-1.3
	Internal Revenue Code update.	7/90	1.2
Kentucky	Conform to federal tax reform act, eliminate federal tax deducibility, and introduce low income tax credit.	1/90	432.0
Massachusetts	Increase rate from 5.75% to 5.95% for tax year 1990 and from 5% to 6.25% for tax year 1991.	1/90	742.1
Minnesota	Political contributions credit.	1/90	-4.7
Nebraska	Increase primary rate from 3.15% to 3.43%.	1/90	75.8
New Jersey	Increase dependents exemption; increase in rates; repeal of property tax deduction.	1/91	732.0
New York	Freeze tax cut scheduled for 1990 and continue 1989 rates. Cuts resume in calendar year 1991.	1/90	404.0
North Carolina	Conform extension returns to federal tax code (one time); withholding acceleration (1/91, one time).	1/90	144.9
	Refunds on federal retirees for 1988; disability credit; mortgage credit; S-corporation carryforwards.	1/90	-14.3
Oklahoma	Increase rates by average of 8.2%.	1/90	101.0
Vermont	Increase rate from 25% to 28% of federal liability.	1/90	42.5

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
Virginia	Pension tax reform; real income tax credit; defer housing credit; reporting on out-of-state withholding.	1/90	81.7
West Virginia	Acceleration of withholding for large taxpayers.	10/90	4.0
Wisconsin	Internal Revenue Code update.	1/90	-2.7
CORPORATE INCOME TAX			
Arizona	Reduce deductions.	1/90	$25.6
	Conform to Internal Revenue Code.	1/90	5.3
California	Conform with 1987 and 1989 federal tax changes.	1/90	525.0
Florida	Increase tax credit for banks and S&Ls.	7/90	-6.8
Indiana	Extend income tax credit for scientific research.	7/90	-1.5
Kentucky	Increase all rates by one percentage point.	1/90	30.0
Massachusetts	Make accelerated estimated payments schedule permanent.	1/91	50.0
Minnesota	Internal Revenue Code update.	1/90	4.6
Nebraska	Tied to individual rate; cash flow delays revenue until fiscal 1992.	1/90	0.0
New Hampshire	Estimated payments increase.	4/90	2.0
New York	Temporary 15% surcharge under corporate franchise, bank, insurance, and public utility taxes. Surcharge decreases to 10% in 1992 and 0% thereafter.	7/90	470.0
	Eliminate exclusions for local telecommunications carriers under corporation and utilities tax.	1/90	102.0
	Revision of tax on S corporations.	1/90	39.0
North Carolina	Extension returns (one-time); withholding acceleration (1/91, one-time).	1/90	48.9
Oklahoma	Increase by average of 17.2%.	1/90	20.0
Tennessee	Unitary reporting for out-of-state financial institutions doing business in Tennessee.	7/90	20.0
Virginia	Delay ACRS recovery implementation.	7/90	29.9
West Virginia	Remove severance tax credit.	10/90	3.0
Wisconsin	Internal Revenue Code update.	1/90	3.0
CIGARETTE AND TOBACCO TAXES			
Arizona	Increase of 3 cents/pack.	7/90	$9.5
Delaware	Increase to 5 cents/pack.	8/90	3.6
	Increase to 5 cents/pack.	8/91	1.9
Florida	Increase of 9.9 cents/pack.	7/90	118.2
Louisiana	Increase of 4 cents/pack.	8/90	14.0
Maine	Increase of 2 cents/pack.	1/91	3.4

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
New Hampshire	Increase of 4 cents/pack.	2/90	2.0
New Jersey	Increase of 21 cents/pack.	7/90	151.0
	Remove wholesale surtax.	7/90	-58.0
	Levy 24% wholesale surtax on other tobacco products.	7/90	10.0
New York	Increase of 6 cents/pack.	6/90	78.0
Texas	Tax all tobacco products; increase of 15 cents/pack.	7/90	178.6
MOTOR FUEL TAXES			
California	Increase of 5 cents/gallon.	8/90	$760.0
	Increase of 1 cent/gallon.	1/90	
Delaware	Increase of 3 cents/gallon.	1/91	6.0
Florida	Increase motor/aviation fuel sales tax by 1%.	7/90	87.8
	Set motor fuel tax equal to 2/3 local option tax rate in a given county.	1/91	99.8
Indiana	Exempt RVs from motor carrier fuel tax.	7/90	N/A
Massachusetts	Increase of 6 cents/gallon.	7/90	177.4
	Increase of 4 cents/gallon.	1/91	
New Hampshire	Increase of 2 cents/gallon.	4/90	10.0
Ohio	Increase of 2 cents/gallon.	7/90	116.0
Tennessee	Fee of .4 cents/gallon for underground storage tank fund.	7/90	12.0
Vermont	Increase of 2 cents/gallon (gas); 11 cents/gallon (diesel).	6/89, 4/90	10.2
Washington	Increase of 4 cents/gallon (4/90) and 4 cents/gallon (4/91).	4/90, 4/91	130.0
ALCOHOLIC BEVERAGES			
Delaware	Increase the taxes on beer, wine, and spirits.	9/90	$5.7
District of Columbia	Reduce tax on light wines and increase tax on sparkling wines.	6/90	-1.3
Florida	Surcharge on served drinks.	7/90	132.2
New Hampshire	Increase of 5 cents/gallon.	4/90	0.5
New Jersey	Impose excise tax.	7/90	35.0
	Remove surtax.	7/90	-60.0
New York	Increase liquor and beer taxes.	6/90	49.0
Texas	Mixed beverage gross receipts tax increase from 12% to 14%.	7/90	25.7
Virginia	Increase markup in state stores.	7/90	1.0
MISCELLANEOUS TAXES			
Alabama	Raise hazardous waste fees.	7/90	$47.0

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
Arizona	Increase minimum school property tax.	7/90	47.7
	Increase assessment ratio on mines and utilities.	7/90	9.6
	Reduce minimum vehicle license tax.	7/90	-3.6
California	Fee on out-of-state vehicles that do not meet state pollution control standards.	10/90	50.0
	Increase motor vehicle weight by 40%.	8/90	133.0
Delaware	Fee package.	N/A	1.7
	Miscellaneous general fund fees.	N/A	1.0
	Realty transfer tax to occupant.	9/90	1.0
District of Columbia	Create new property class 5 with higher property tax rate for vacant property.	7/90	38.7
	Initiative on solid waste disposal.	N/A	3.1
Florida	Increase documentary stamp tax by 17 cents/$100.	7/90	146.5
	Increase gross receipts tax from 1.5% to 2%.	7/90	77.9
	Increase insurance premiums tax from 3% to 5% on certain coverage and reduce some credits.	7/90	13.4
	Increase intangible tax by .5 mills; increase coverage.	7/90	161.0
Kentucky	Increase motor vehicle usage tax from 5% to 6%.	7/90	33.0
Louisiana	Increase rate on disposal and impose tax on transportation of hazardous waste.	7/90	41.0
	Increase natural gas severance tax and index rate to price of natural gas.	7/90	39.0
New Hampshire	Increase rooms and meals tax from 7% to 8%.	4/90	11.1
	Increase real estate transfer tax.	4/90	5.0
New Jersey	Gross receipts tax of 2.75% on oil companies.	7/90	150.0
New York	Increase certain motor vehicle registration fees and penalties.	mid-1990	8.0
	Convert to cents/gallon equivalent; impose tax on certain petroleum lubricants.	9/90	234.0
	Two-cent tax on nonreturnable soda cans and bottles.	9/90	24.0
	Impose tax on thruway mileage.	7/90	47.0
	Tax (5%) on rental of passenger vehicles.	6/90	27.0
	Tax (5%) on hotel rooms over $100/night.	6/90	35.0
	Cigarette license fee and tax on certain insurance policies.	mid-1990	10.0
	Estate tax reform.	4/90	16.0
North Carolina	Extension returns for franchise tax (one time).	1/90	2.0

Table A-7 (continued)
ENACTED 1991 TAX CHANGES BY TYPE OF TAX

State	*Tax Change Description*	*Effective Date(s)*	*Fiscal 1991 Revenue Change ($ in millions)*
Ohio	Exemption of public utility telephone access charges.	1/90	-20.0
Rhode Island	Increase various fees and delay tax decreases.	7/90	29.4
South Carolina	Increase license on poker machines; increase fees on investment advisers; administrative fee for Medicaid permit; increase court filing fee for civil petitions.	7/90	28.7
Vermont	Increase meals and rooms tax rate from 6% to 7%.	3/90	6.8
Virginia	Increase court fees.	7/90	1.1
West Virginia	Increase of 30% in kilowatt hour tax.	10/90	28.0
	Impose minimum tax of 50 cents/ton on coal.	10/90	5.0
Wisconsin	Public utility payment date change (one time).	7/90	-4.7

Table A-8
ENACTED STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
New England				
Connecticut	4.0%	-	2.5%	ATB represents 80% of classified employees who have collective bargaining agreements in place for 1990-91. Other increases are anniversary increases for good performance for all classified employees.
Maine	3.75	2.0	-	Three percent of increase effective 10/90 and 3% effective 4/91, plus 10% increase in dependent medical insurance cost.
Massachusetts	*	*	*	Not yet negotiated.
New Hampshire	5.0	-	-	Step increases were maintained, but layoffs did occur.
Rhode Island	5.0	-	-	Four percent effective 7/90 and 1% effective 1/91. Nonunion employees receive 5% effective 4/91.
Vermont	3.0	-	-	Two percent effective 7/90 and 2% effective 1/91.
Mideast				
Delaware	4.0%	-	-	Employees at or above the maximum salary of the assigned pay grade receive 2%. Employees near maximum receive the greater of 2% or a percentage amount that places the salary at the maximum.
District of Columbia	*	*	*	Compensation package has not been negotiated yet.
Maryland	4.0	1.25	1.5	
New Jersey	4.0	4.5	-	ATB effective 10/6/90; merit range from 3.5-5.0% depending on employee's step within range. Those at maximum of range do not receive merit increase, nor do employees in a no-range position.
New York	5.5	*	*	Provisions for annual increments within salary ranges and longevity increases and lump sum payments for employees at maximum of salary range. Other increases of 5.5% for salary sensitive areas.
Pennsylvania	5.5	-	0.625	ATB consists of 5% effective 7/90 and 1% effective 1/91. Other is 1.25% increment that takes effect 1/91.
Great Lakes				
Illinois	4.5%	*	-	Average merit increase is 4.5%; average step increase for collective bargaining employee is 3.6%. Budgeting is 3% and 1.8% and represents new money to finance merit increases.
Indiana	5.0	-	-	Special compensation for law enforcement personnel, corrections officers, welfare caseworkers, and mental health attendants.
Michigan	4.0	-	-	

Table A-8 (continued)
ENACTED STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
Ohio	4.0	-	2.5	Effective 7/90 for most employees. The average step increase is approximately 2%.
Wisconsin	3.0	1.25	*	Other increases are based on market surveys for certain employee groups, and may vary significantly.
Plains				
Iowa	5.0%	1.5%	-	
Kansas	1.5	-	2.5	All employees receive a step or anniversary increase or the equivalent thereof amounting to approximately 2.5%.
Minnesota	5.0	-	-	
Missouri	-	-	2.0	Increase is within grade.
Nebraska	4.0	1.0	1.5	Increase of 4% effective 7/90 and 1.5% on anniversary date if satisfactory performance or 2.5% if above satisfactory. Amounts vary slightly among bargaining units.
North Dakota	-	-	-	No general increases provided for fiscal 1991.
South Dakota	3.0	0.5	1.5	
Southeast				
Alabama	7.5%	5.0%	*	Merit based on performance and ranges from 0% to 5% based on evaluation. Other is longevity pay ranging from $300 to $600.
Arkansas	2.0	2.5	-	Employees are eligible for 2.5% merit increase on anniversary date.
Florida	3.0	-	-	Increase effective 1/91.
Georgia	2.5	4.2	-	Merit increases are received by approximately 70% of employees; the other 30% have reached the upper end of their job classification pay range.
Kentucky	5.0	1.5	2.0	Other applies to salary equity fund.
Louisiana	4.0	4.0	*	Approximately 10% of workforce is at top of pay scale and does not qualify for further merit increases. ATB portion applies to all classified and unclassified employees.
Mississippi	*	*	-	Employees receive 5% ATB or $125/month, or realignment, whichever is greater.
North Carolina	4.0	2.0	-	
South Carolina	2.5	2.0	-	Merit is on employee's performance review date; ATB portion effective 9/90.
Tennessee	6.0	-	-	A $1,000 increase or one-step increase - whichever is greater - will average 6% plus selected classes increased to average about another 2%.
Virginia	3.0	-	-	ATB of 3% effective 1/90; 2% effective 12/90.
West Virginia	*	-	-	ATB of $1,008.

Table A-8 (continued)
ENACTED STATE EMPLOYMENT COMPENSATION CHANGES, FISCAL 1991

State and Region	*Across the Board*	*Merit*	*Other*	*Notes*
Southwest				
Arizona	4.5%	-	0.25%	Other is for classification and market adjustment funding.
New Mexico	-	-	*	Increases are based on pay grade study results and cannot be generalized.
Oklahoma	-	-	*	Raise of $1,000/year per employee.
Texas	-	-	-	
Rocky Mountain				
Colorado	2.16%	-	*	Average classified increase per employee is 2.16%. Also, 5% anniversary step increase for eligible employees. About 40% of classified employees eligible for step increase each year.
Idaho	-	5.3	0.8	Other is to shift part of health insurance premiums from the employee to the state and to implement an employee assistance program.
Montana	2.5	-	-	Employees receive 2.5% or $560/year, whichever is greater, plus additional insurance contribution of $240/year.
Utah	4.0	-	2.0	Other consists of health and other benefits.
Wyoming	-	3.0	-	
Far West				
Alaska	3.3%	3.5%	-	All employees are eligible for merit increases.
California	5.0	-	*	ATB effective 1/91; other is health, dental, vision, and life insurance benefit increases.
Hawaii	*	-		Increase will be in 2% to 5% range.
Nevada	5.0	*	-	Effective 7/90; all employees except those at top receive 5% merit increase that equates to 2.5% actual cost to state.
Oregon	4.0	*	-	Most employees receive merit increase unless they are at top of salary range. Very few are not at the top because recent classification system increased most salary ranges.
Washington	6.0	-	2.0	Other is combination of comparable worth increases (1%), salary survey increases, and reclassifications. Classified employees also are eligible for 5% increase for each of first five years in a job class. ATB increase effective 1/91.

Table A-9
FISCAL 1990 MEDICAID EXPENDITURES COMPARED WITH ORIGINAL ESTIMATES
(state funds, $ in millions)

Region/State	*Original Estimate*	*Current Estimate*
NEW ENGLAND		
Connecticut	$917	$965
Maine	147	141
Massachusetts	1,300	1,339
New Hampshire	71	76
Rhode Island	148	160
Vermont	36	36
MIDEAST		
Delaware	63	64
Maryland	624	630
New Jersey	907	940
New York	3,351	3,517
Pennsylvania	1,298	1,327
GREAT LAKES		
Illinois	2,285	2,249
Indiana	543	542
Michigan	1,011	1,068
Ohio	1,123	1,143
Wisconsin	574	591
PLAINS		
Iowa	183	194
Kansas	156	185
Minnesota	565	598
Missouri	325	346
Nebraska	113	97
North Dakota	59	58
South Dakota	45	47
SOUTHEAST		
Alabama	148	162
Arkansas	147	150
Florida	825	812
Georgia	558	547
Kentucky	227	250
Louisiana	349	361
Mississippi	123	128
North Carolina	382	376
South Carolina	148	133
Tennessee	427	427
Virginia	469	497
West Virginia	101	107
SOUTHWEST		
Arizona	320	272
New Mexico	81	76
Oklahoma	249	226
Texas	1,206	1,232
ROCKY MOUNTAIN		
Colorado	261	291
Idaho	39	39
Montana	47	57
Utah	49	49
Wyoming	19	21
FAR WEST		
Alaska	62	68
California*	3,451	3,556
Hawaii	125	121
Nevada*	70	70
Oregon	305	332
Washington	522	542
TOTAL	$26,552	$27,214
District of Columbia	165	165

NOTES TO TABLE A-9

California:	Current estimate includes $95.0 million Late Medi-Cal deficiency in fiscal 1990.
Nevada	There is a legal prohibition against exceeding the Medicaid appropriation. However, for fiscal 1990 there was a $2.0 million shortfall in the Medicaid budget.